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ABSTRACT

This report provides a comparative perspective on financial support for the arts in six western European countries, the United States, and Canada. It was designed so that American support for the arts could be compared with governmental support for the arts in other countries, whose philosophies and governmental systems might be similar or quite different from the United States. Chapter I deals with the issue of what is defined as art for the purpose of public funding. Chapter II details the organizational structure of arts funding in each country. Chapter III gives financial estimates of public support for the arts in each country. Chapter IV deals with the levels of private funding for the arts. Chapter V presents findings from a more detailed study of 32 arts institutions, the goal of which was to understand the perspective from the bottom up as well as from the top down. Appendices provide detailed financial data on each country and results from studies on the distribution of operating income within various artistic disciplines. A bibliography of sources of information about arts funding in each country is also included. (IS)

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# SUPPORTING THE ARTS:

## An International Comparative Study

Canada
Federal Republic of Germany
France
Italy
Great Britain
Netherlands
Sweden
United States

Sp 016 553

J. Mark Davidson Schuster

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by

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March 1985

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## PREFACE

When I was first approached by the National Endowment for the Arts and asked to conduct an "International Comparative Study of Arts Support," I was struck by how difficult a task it seemed to be. What would it mean to adequately and usefully compare arts support across a variety of countries with widely disparate political, economic, and social contexts?

Now, a number of months later, though my office is full of materials that it would take several research assistants' lifetimes to make sense out of--even if those materials were not gradually becoming obsolete day by day, I have become convinced that there are a number of interesting things to say about the diverse arts support systems that have evolved in the western countries, and I am optimistic that studying those systems might help us better understand and improve our own.

At the outset we were given the mandate to collect information on international trends in support for the arts and to develop a framework by which the profile of arts support in the United States could be compared to such profiles elsewhere. The project was structured around four research elements requested the Endowment:

- A description of the comparative context of arts support in each country.
- An estimate of national arts expenditures in each country.
- A comparison of the structure and levels of private support, including a description of the relevant tax incentives in each of the countries.
- A study of selected arts institutions in each country, allowing a micro-level view of the distribution of operating income that could be used to complement and validate the aggregate picture of arts support developed through the first three elements.

The structure of this report generally follows this list of research elements.

While I hope that we have brought a fresh perspective to each of these research tasks, perhaps the most innovative element of this research project is the micro-level study of individual institutions. This study was developed by Dr. David Cwi, The Cultural Policy Institute (Baltimore), and conducted in cooperation with a research team in the Department of Arts Policy and Management of the City University (London) under the direction of Michael Quine. The results of their study are available in a companion report entitled: "Public and Private Arts Support in North America and Europe: Income Data for 32 Cultural Institutions." I am indebted to David and Michael for their prompt and competent completion of the daunting task of conducting a study in eight countries, in five or six different languages. In Section V of this report I offer my interpretations of the data they collected.

In discussions with the National Endowment for the Arts we eventually agreed that we would focus on eight countries: Canada, the Federal Republic of Germany, France, Italy, Great Britain, the Netherlands, Sweden and the United States. This list was formulated with two criteria in mind:

- It offered an interesting variation of arts support systems: several countries whose systems were likely to show interesting similarities to the American system--Canada, Great Britain, and perhaps to a lesser degree West Germany; and several countries whose systems were likely to be rather different--France, Italy, Sweden, and the Netherlands.

- They were countries for which the type of data we were seeking was likely to be available within the twin constraints of time and money.

Happily, our expectations along both of these dimensions were met. Unfortunately, the time and budget constraints led us to drop several countries from the study including Japan, Mexico, and Australia, countries which would have provided a useful non-European counterpoint.

This research has been enriched beyond measure by the contributions of a small network of arts policy researchers scattered throughout these countries. It is a delightful experience to sit down with these folks and engage in careful, reasoned, insightful conversation about the role and form of government support for the arts and the tensions that government involvement in the arts creates. My special thanks to Augustin Girard and his entire staff in France; Andreas Wiesand and Karla Fohrbeck in the Federal Republic of Germany; Harry Chartrand in Canada; Carla Bodo in Italy; Carl-Johan Kleberg and his colleagues in Sweden; Pieter Ligthart, Berend Jan Langenberg, and Jacques Hilhorst in the Netherlands; Rod Fisher, Robert Hutchison, Muriel Nissel, and John Myerscough in Great Britain; and Harold Horowitz at the National Endowment for the Arts. They provided me with a wealth of information and guided me to resources I never would have uncovered without their timely assistance. We interviewed countless other individuals in all of the countries, and without exception they were wonderfully generous with their time and resources.

Thanks also to Paul Bockelman and Eric Brown, my Research Assistants in the Department of Urban Studies and Planning at M.I.T., who attended to a myriad of details that were always threatening to come completely unraveled, and to Marty Rein and Don Schon, colleagues whose encouragement and critical insights were important elements in shaping my thoughts on these topics.

John Shaffer of the Policy and Planning Division of the National Endowment for the Arts has been more instrumental than anyone in seeing this project through a long gestation period and then through to its final conclusion. My heartfelt thanks to him. His calm patience saw us through innumerable false starts and more than one project's worth of tricky methodological issues.

In the pages that follow I have tried to emphasize what I feel are the most interesting features of the arts support systems we studied. Along the way many compromises were made, and most readers are sure to find that one or another topic of interest to them is hardly touched on in these pages. I have ruthlessly cut away major portions of overall support for arts and culture in some of the countries in an attempt to impose a level of comparability that has been conspicuously absent in earlier comparative studies. I hope that what has been gained in comparability compensates for what has been lost through selectivity.

J. Mark Davidson Schuster
Cambridge, Massachusetts
April 1985

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## SUMMARY OF FINDINGS

To assist the reader in sorting through the material contained in this report, I begin with a brief summary of the major findings and conclusions. In each case I refer the reader to the relevant pages in the text and the appropriate Tables or Figures.

| | |
|---|---|
| Text pp. 4-7<br>Table 1, p. 6 | In studying arts support in a variety of countries it is important not to confuse depth of support with breadth of support. The boundaries of art and cultural policy are much more widely defined in some countries than in others, reflecting historic patterns as well as broader government involvement in socio-cultural activities. One country may provide heavy support to an area that another country would never consider subsidizing. Among these countries there are major differences in coverage, particularly with respect to historic preservation and the cultural industries. |
| Text pp. 8-9 | In order to compare arts support across countries it is critical to have a common base of comparison, so that the comparison can be consistently drawn. In this report we use arts expenditures in the United States as our base of comparison and identify, as much as available data allow, expenditures on "U.S. Equivalents" in the arts budgets of the other countries. |
| Text pp. 14-24<br>Table 2, pp. 11-13 | Two types of arts funding structures are evident in these countries: the Ministry of Culture and the "arm's length" Arts Council. But the distinction between the two is not as clear as it once might have been. The two models are converging in practice, as governments with one structure adopt aspects of the other type, attempting to combine the advantages of both. |
| Text pp. 25, 42<br>Table 2, pp. 11-13<br>Table 3, p. 43 | In all of these countries government support for the arts is spread widely across all levels of government. Local and regional governments are very important, accounting for more than 45% of total government support in every case. |
| Text pp. 25-35<br>Table 2, pp. 11-13 | Without exception, these governments would say that they have a policy of decentralizing support for art and culture. In fact, these countries are implementing a mixture of devolution and decentralization strategies. These strategies often fuel a conflict between the goal of assuring the provision of a uniform level of arts throughout the country and the goal of encouraging vitality, diversity, and variation. In countries where both of these goals are strongly held, an instability in the funding structure can be expected as the system is adjusted back and forth, reflecting the difficulty of meeting both these goals simultaneously. |

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| Text pp. 36-39<br>Table 2, pp. 11-13 | For all of the countries except the United States, the primary form of subsidy is either deficit financing (at a very high percentage of total budget) or a fixed percentage of costs. In both cases arts institutions have little incentive for searching out new sources of income because increases in other sources are simply subtracted from the amount of government subsidy. Several countries are experimenting with forms of subsidy intended to break this link. |
| Text pp. 39-40<br>Table 2, pp. 11-13 | Tight public budgets coupled with the high levels of operating support for the major arts institutions have made it increasingly difficult to provide meaningful support to new, innovative artistic initiatives, particularly evident in the so-called "free" groups in Western Europe. |
| Text p. 41<br>Table 2, pp. 11-13 | Beyond heavy ongoing operating support for arts institutions, these countries have begun to experiment with a wide variety of funding mechanisms--many of them not used in the United States--in order to multiply the effect of limited public resources for the arts. At the same time, they are increasingly interested in the American system of matching grants. |
| Text pp. 42-47<br>Table 3, p. 43<br>Table 4, pp. 45-46 | We have estimated total public expenditure on the arts for all levels of government (including tax expenditures where possible), identified that portion of total expenditures spent on U.S. Equivalents, converted these expenditures into dollars, and calculated per capita expenditure figures. The results of this analysis, subject to a variety of methodological caveats, indicate two groups of countries: Canada, the Federal Republic of Germany, France, the Netherlands and Sweden all providing approximately $30.00 per capita to the arts; while Great Britain, Italy, and the United States provide $10.00-$13.00 per capita. |
| Text pp. 42-47<br>Table 3, p. 43<br>Table 4, pp. 45-46 | A comparison based on total contributed support, rather than just on government support, leads to a per capita support figure of $23.00 in the United States, improving its standing in comparison to the other countries. This is due to the relative importance of private donations to the arts in the United States. |
| Text pp. 48-57<br>Table 5, pp. 49-51 | Private support for the arts is still very low in all of these countries except for the United States and, to a lesser degree, Canada and Great Britain, but everywhere there is an increasing emphasis on private support. |

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| Text pp. 52-54<br>Table 5, pp. 49-51 | One explanation that is often offered for the differences in the level of private support across countries is the supposed lack of tax incentives for private contributions. All of these countries except Sweden provide tax incentives for charitable contributions, so the difference in levels of private support seems to lie more in historic patterns of patronage and in the modern importance of the public sector in support of artistic activities than in actual differences in tax laws. |
| Text p. 55<br>Table 5, pp. 49-51 | It is increasingly recognized that governments affect the flow of money to the arts not only through direct support but also through indirect support, especially in the form of tax expenditures. Tax expenditures are a particularly important source of government aid to the arts in the United States where they provide roughly three times the amount of direct aid. |
| Text pp. 57-58<br>Table 5, pp. 49-51 | Outside of the United States, on the other hand, a wide variety of tax incentives (in addition to those for charitable contributions) have been implemented to provide support for specific artistic activities or artistic products, particularly within the cultural industries. |
| Text pp. 55-57<br>Table 5, pp. 49-51 | Corporate sponsorship for the arts is being widely debated. At the moment all of these countries seem favorably disposed to increased sponsorship, particularly as it is seen as a first step toward increasing all forms of private support. |
| Text pp. 59-69<br>Table 6, p. 60<br>Figures 1-4<br>pp. 63-66 | As part of this project we studied 32 individual arts institutions and took a look at the distribution of their income sources. From this micro-level the institutions form three groups reflective of their countries' funding practices: the American institutions, characterized by very high levels of earned income and private donations and correspondingly low levels of government support; the Canadian and British institutions with moderate levels of earned income and some private donations; and the institutions from the remaining five countries with very high levels of government subsidy. |

## I. ARTS AND CULTURE: THE BOUNDARIES OF POLICY

In a comparative study of arts and cultural policies, sooner or later you have to confront the problem of defining the boundaries of the area you are proposing to study. Each country has its own conception of the arts and of culture and its own view as to what this implies about the role of the government in providing support to activities that fall within the definition. The danger is that you will always end up comparing apples to oranges, sometimes concluding that apples are better, sometimes oranges, depending on the perspective from which you choose to view them.

France and Sweden have perhaps the broadest views of cultural policy. The French Socialist government quite conciously uses "culture" in a global, anthropological sense:

> Culture is not limited to a market for privileged customers. For Socialists all that concerns the human being is cultural, and from this point of view the entire Socialist plan is fundamentally a cultural project.(1)

Though the Ministry of Culture, itself, takes a more traditional and narrower view of the boundaries of culture, it has certainly been influenced by these broader views in implementing new programs and policies.

The Swedish government's "New Cultural Policy," implemented in the 1970s, takes a similar view of culture, considering culture to be the fourth and final cornerstone of Swedish social welfare policy: education, social affairs, housing, and culture. "Cultural Policy is Environmental Policy" is a phrase used to characterize this holistic Swedish view. More recently, the phrase "Cultural Policy is Defense Policy" has been suggested to capture a new emphasis on protecting and fostering Swedish culture, a difficult task in the light of the twin problems of a small language area and of a relatively dispersed population.

The United States, on the other hand, while providing support to areas

within the broader concept of culture (e.g. the National Endowment for the Humanities, the Library of Congress, and the National Archives), has no nationally articulated "cultural policy." The emphasis is, instead, on a policy in support of the arts. In comparison to the broad statements of cultural policy above, the wording in the enabling law for the National Endowment for the Arts, crafted to be extensive and inclusive, is comparatively narrow:

> The term 'the arts' includes, but is not limited to, music (instrumental and vocal), dance, drama, folk art, creative writing, architecture and allied fields, painting, sculpture, photography, graphic and craft arts, industrial design, costume and fashion design, motion pictures, television, radio, tape and sound recording, the arts related to the presentation, performance, execution, and exhibition of such major art forms, and the study and application of the arts to the human environment.(2)

Only in the final phrase does a broader view of art and culture tentatively enter.

The point of introducing these differences is not to resolve the theoretical debate; the differences will and should persist. But the fact that such differences exist severely complicates attempts at comparative study. What does it mean to compare systems that are so different in fundamental conception? At the very least, one has to be very careful to document and account for such differences.

One practical approach to the problem of comparison is to simply accept each country's definition of the boundaries of its arts and cultural policies. Unhappily for the researcher, but perhaps happily for the vitality of a changing cultural life, most countries have not articulated a clear statement as to what is included in their concept of the arts and culture.

In this project we have approached this problem in a very pragmatic way. We begin by identifying the main government agencies involved in funding arts

and culture in each country and asking what are the broad areas within which each provides funds? Table 1 provides a rough comparison of the breadth of funding in each of the countries:

Table 1: Areas Supported by the Primary Arts Funding Agencies: A Schematic View

| Funding Area | Canada | Federal Republic of Germany | France | Great Britain | Italy | Nether-lands | Sweden | United States |
|---|---|---|---|---|---|---|---|---|
| Performing Arts | X | X | X | X | X | X | X | X |
| Visual Arts | X | X | X | X | X | X | X | X |
| Museums | X | X | X | X | X | X | X | X |
| Historic Monuments: Conservation and Preservation | X | X | X | | X | X | X | |
| Libraries/Archives | X | X | X | X | X | X | X | |
| Cultural Industries | X | | X | | X | X | X | |
| Cultural Development/ "Animation" | X | X | X | | | X | X | |
| Professional Art Training | | X | X | | | X | | |
| Popular Education | | X | | | | X | X | |

Note: An "X" indicates areas that receive substantial funding from the government agencies that are the key arts funding sources.

Even at this level of abstraction it is quite clear that the United States is funding a considerably smaller number of areas than any of the other countries. Some of this variation can be explained by differences in the structure of arts support. In the United States libraries and archives are funded by other government agencies or by other levels of government but are not normally thought of as falling within the purview of American arts policy. Several of these countries (not including the U.S.) are heavily involved in subsidizing professional artistic education, but in only a few cases are these expenditures made through a ministry of culture or its equivalent, rather than through a ministry of education. Support for international cultural programs, an important aspect of cultural policy for most of these countries, though not heavily funded in the United States, does not appear at all because it is typically the responsibility of a ministry of foreign affairs or another non-arts agency.

At the same time, part of the variation in coverage reflects real, fundamental differences in arts policies. Nearly all of these countries provide substantial direct subsidies to the conservation and preservation of historic monuments and buildings, an area in which the United States government has not become directly involved, though it does provide indirect support through tax credits. In Western Europe there is a growing interest in the cultural industries--the film industry, the record industry, broadcasting, the daily press, and book publishing--and various types of subsidies are being introduced. In Sweden, for example, 17% of federal expenditures for culture is provided in the form of ongoing production subsidy for the daily press. In some countries the arts and culture are an important subsidized component of popular education (continuing education or permanent education) programs. Sweden has a longstanding tradition of involving the independent "popular movements" in its cultural policies. As a result, 30% of federal cultural

expenditures, 46% of county cultural expenditures, and 15% of municipal cultural expenditures go to popular education.

A major element in international comparisons of support for the arts has always been a comparison of funding levels as a measure of a government's depth of commitment to the arts. Table 1 suggests that differences in funding levels will also reflect differences in the breadth of commitment. To account for both the breadth and depth of commitment we have adopted a two-pronged approach to the analysis of arts funding in the eight countries. We first take at face value each country's own definition of its arts or cultural policy as revealed in the practices of its primary arts and culture funding agencies, along with each country's estimate of its own arts and culture expenditures. This approach leads to a very fragile comparability, particularly since it does not even attempt to reconcile definitional differences across levels of government within each country.

To improve comparability in the analysis, the second step takes arts support in the United States as the base of comparison and asks what portion of the cultural expenditures of the other countries is spent on "U.S. Equivalents," those activities that the United States would consider as being within the scope of its arts policies. This approach forces comparability onto the data by asking them to conform to one country's definition of cultural policy. In this way, we can control for the variation in breadth of governmental commitments to the arts and improve comparability, at least along this one dimension. (Appendix A summarizes the data for each country according to both of these approaches, and the results of this analysis are discussed in Section III.)

A second element in identifying comparable boundaries of arts support is the recognition that governments provide aid to the arts not only through

direct aid but also through a variety of indirect aid mechanisms. "Tax expenditures," taxes foregone by governments through various tax provisions--particularly those that provide incentives for charitable contributions, are the most important source of public support for the arts in the United States and are also an identifiable factor in Great Britain and Canada. With the exception of Sweden, all of the other countries in our study provide tax incentives for charitable contributions, but the level of tax expenditures remains small in comparison to direct funding in those countries. Unfortunately, while the question of tax expenditures for the arts has been receiving increasing attention from both researchers and policymakers, the data that would allow us to expand the analysis along this dimension are not yet generally available, limiting us to a series of impressions as to their importance in each country. (These questions are explored more fully in Section IV.)

In summary, in this report we have tried to improve on earlier comparative studies by narrowing the scope of analysis by adopting a single base of comparison that we have called "U.S. Equivalents" while at the same time broadening the analysis to include, as much as possible, a recognition of the importance of indirect aid as a source of public support for the arts.

## II. THE ORGANIZATIONAL STRUCTURE OF PUBLIC SUPPORT FOR THE ARTS AND CULTURE

How a country organizes its support for the arts reveals important assumptions about the relationship between government and the arts and the interrelationships between the various arts and cultural sectors in that country. An understanding of the institutional structure of arts support in a country is a critical first step toward an understanding of the financial flows. Table 2 compares important aspects of the organizational structure of art support in each of the eight countries.

Table 2: PUBLIC SUPPORT FOR THE ARTS AND CULTURE
ORGANIZATIONAL STRUCTURE

| Country | Primary National Funding Agencies | Regional Funding Agencies | Local Funding Agencies | Programs for Devolution/ Decentralization | Use of "Arm's Length" Principle | Types of Funding |
|---|---|---|---|---|---|---|
| Canada | Department of Communications<br>Minister of Communications (de facto Minister of Culture)<br>-plays a loose coordinating role<br>-support to arts organizations for "non-artistic" expenditures (e.g., deficit reduction, management, facilities, etc.)<br>-major support to cultural industries<br>The Cultural Agencies (autonomous):<br>Canada Council<br>-most important source of support to the professional creative arts.<br>-use of Advisory Arts Panel and outside juries<br>National Museums of Canada<br>-ongoing support to national museums<br>-grant programs for all museums<br>National Arts Centre<br>National Film Board<br>(plus others) | All provinces have departments or ministries for arts + culture. Often combined with:<br>-recreation<br>-preservation<br>-youth programs<br>-citizenship (multiculturalism)<br>4 provinces have autonomous arts councils similar to Canada Council.<br>Provinces operate their own lotteries that often provide money to the arts. | Many cities (in Ontario especially) have arts department.<br>Federation of Canadian Municipalities, Task Force on Culture and Historic Heritage | System reflects the fact that the government has a federal structure. Therefore, provincial governments are important sources of support.<br>All provinces providing support without incentives from national government. | Yes:<br>Canada Council plus the other Cultural Agencies<br>Arts Councils at provincial level. | Operating support<br>Grants<br>-projects<br>-equipment<br>-capital<br>Matching grants (use of challenge grants)<br>Performing Arts Venture Capital Fund<br>Prizes<br>Loans<br>Art Bank (purchase of contemporary Canadian art)<br>Variety of subsidies to cultural industries<br>% for Art |
| Federal Republic of Germany | Federal involvement is very small. No central arts agency.<br>Limited activities in a number of ministries.<br>Proposal for a National Cultural Foundation with federal and Lander participation.<br>-purchase of important works of art<br>-funding of supra-regional activities | Lander are the focus of gov't arts support. (8 Lander and 3 city-states)<br>Each has a minister (or equivalent) of cultural affairs. Often combined with:<br>-science<br>-education<br>-sports<br>Standing Conference of Cultural Ministers is coordinating body.<br>Some Lander have state lotteries/ state gambling with % going to arts<br>Constitutional authority for culture vested with Lander. | Towns, cities and districts have offices in charge of municipal facilities and other activities | System reflects the fact that the government has a very strict federal structure.<br>Arts funding and policy is primarily at the Lander level. | Limited use in special funds that artistic fields control themselves:<br>Current<br>-Literature<br>-Visual Arts<br>-Music<br>New<br>-Socio-cultural projects<br>-Drama<br>Evolving use of expert advisory committees when decisions concerning quality are involved.<br>Embodied in proposal for National Cultural Foundation ("NEA model") | Three basic types of subsidy:<br>-fixed percentage of costs<br>-variable percentage<br>-lump sum<br>Most common is variable percentage used to cover budgeted deficit.<br>Subsidy generally in form of fixed direct detailed budget allocation.<br>Project grants<br>Loans (may be conditionally reimbursable)<br>Various subsidies to cultural industries<br>2% for Art<br>Public Lending Right |





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Table 2: PUBLIC SUPPORT FOR THE ARTS AND CULTURE (continued)
ORGANIZATIONAL STRUCTURE

| Country | Primary National Funding Agencies | Regional Funding Agencies | Local Funding Agencies | Programs for Devolution/ Decentralization | Use of "Arm's Length" Principle | Types of Funding |
|---|---|---|---|---|---|---|
| France | Ministry of Culture<br><br>22 other ministries make contributions to cultural or socio-cultural activities but 5 account for 90% of this additional expenditure. | 22 Regional Gov'ts. newly created, becoming heavily involved in culture under devolution plan.<br><br>95 Departements | Municipalities now an important source of arts support.<br><br>20% capital expenditure<br>80% current expenditure<br>80% of current goes to operating costs of facilities under direct management of municipality | Policy and decision-making traditionally highly centralized.<br><br>Some cultural expenditures are being gradually devolved as part of overall decentralization plan of government to regions through Special Cultural Transfer Payments and contractual agreements. | No<br><br>Development of some special funds that do insulate a portion of grantmaking decisions. | Direct budget for ongoing operating expenses.<br>Gov't takes direct responsibility for salaries.<br>Grants<br>Loan guarantees<br>Guarantees against loss<br>Advance against receipts<br>Purchase of art<br>Aid to cultural industries<br>Earmarked transfers to other levels of gov't<br>% for Art<br>"Grands Projets" |
| Great Britain | Office of Arts and Libraries (newly independent from Department of Education and Science)<br>-Minister for the Arts (junior minister)<br>-National Museums receive budget directly from OAL<br><br>-Arts Council of Great Britain Under OAL but highly autonomous | Regional Arts Associations (non-governmental autonomous organizations)<br><br>12 in England<br>3 in Wales | Upper Tier:<br>Greater London Council<br>6 Metropolitan County Councils<br>Lower Tier:<br>433 Local Authorities<br><br>Current gov't moving toward abolition of GLC and MCCs with some reallocation of their arts funding to OAL and ACGB. | Arts Council's proposed policy is one of devolution to the Regional Arts Associations.<br><br>Gov't encouraging local governments to provide more funding, but at the same time the central gov't is putting a cap on property taxes, an important source of local revenue. | Yes:<br>Arts Council of Great Britain<br><br>Regional Arts Associations | Direct budget, operating support to national museums.<br>ACGB:<br>Revenue clients - ongoing operating support<br>Project clients - one-time projects<br>Guarantees against loss<br>Proposal for "limited franchise" clients<br><br>Public Lending Right |
| Italy | Responsibility shared between two ministries:<br><br>Ministry for Cultural Property and Environment (historic preservation, national museums, libraries, archives, promotion of fine arts)<br><br>Ministry for Tourism and Performing Arts (including promotion and support of music, theater, and cinema)<br><br>There has been a strong traditional separation between the cultural heritage and the performing arts. | Regions' involvement in the arts is recent development.<br><br>Interregional Commission for Coordination of Culture | Municipalities | Arts support strictly controlled by national legislation.<br><br>1972-regions given responsibility for museums and local libraries; since then regions have expanded their role<br><br>1983-reforms for the heritage, music, theater and cinema redefining roles:<br>central gov't: general principles and coordination<br>regions: promotion and planning<br>municipalities: management | Not extensive, but both ministries now using advisory boards. | Direct budget for ongoing operating expenses<br><br>Grants<br><br>Treasury bonds to consolidate deficits of major performing arts |



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Table 2: PUBLIC SUPPORT FOR THE ARTS AND CULTURE (continued)
ORGANIZATIONAL STRUCTURE

| Country | Primary National Funding Agencies | Regional Funding Agencies | Local Funding Agencies | Programs for Devolution/ Decentralization | Use of "Arm's Length" Principle | Types of Funding |
|---|---|---|---|---|---|---|
| Netherlands | Ministry of Welfare, Health and Cultural Affairs<br>-Directorate General for Cultural Affairs<br>-Fine Arts Division<br>-Museums, Monuments and Archives Division<br>-International Relations Division<br>-Radio, Television and Press Division<br>-"Raad voor de Kunst" is an independent Arts Council advising the Minister on policy and grants made through this Directorate. | Provinces have cultural administrations with advisory cultural councils | Municipalities Local cultural agencies with advisory councils<br>Strong division of responsibility with other levels of gov't for performing arts. Local gov't owns and operates most cultural facilities. | Exchange of Subsidy" Program in performing arts: higher national subsidy of national institutions and experimental, higher local subsidy of others.<br>Museums going in opposite direction. Shared subsidy.<br>Central gov't has policy of overall decentralization, but debate as to whether arts should be included. | Yes:<br>Arts Council advising Minister on policy and grants.<br>Advisory councils also common at lower levels of gov't. | Direct ongoing support<br>90% of salaries of orchestras<br>deficit financing for theaters<br>Tradition of shared subsidy between levels of government.<br>Shift to 3 yr. budget financing<br>Some project grants<br>Subsidy for cultural industries<br>½/1½% for Art<br>Visual Artists Scheme (income guarantee)<br>Public Lending Right<br>Interest-free loans for purchase of art works. |
| Sweden | Ministry of Education and Cultural Affairs<br>-Department of Cultural Affairs<br>-Department of Mass Media Policy<br>National Council for Cultural Affairs ("Statens kulturrad")<br>-quasi-autonomous organization within Ministry but operating with substantial input from laypersons, charged with:<br>-development of cultural policy<br>-assessment of budget proposals of grantees in wide variety of areas<br>-responsible for actual grants in some artistic areas<br>-overall grantmaking discretion limited by detailed budget allocations passed by Parliament after consultation with National Council | 23 County Councils with cultural committees<br>(about 0.3% of county budgets spent on all cultural activity) | 284 Municipalities with cultural committees.<br>(About 4% of local budget is spent of cultural activity, particularly libraries, municipal theaters, municipal orchestras) | Policy formulation is centralized via legislation<br>Implementation increasingly decentralized.<br>Funding decentralized.<br>(System of "centralized decentralization")<br>Demilitarized the military bands to form regional orchestras. | Yes:<br>National Council for Cultural Affairs<br>Separate funds for support of individuals<br>-Swedish Authors' Fund<br>-Arts Grants Committee<br>Heavy use of intermediary, voluntary organizations from the "popular movements" | Direct detailed budget allocations to major institutions and national authorities<br>Grants for "free" groups<br>Aid to cultural industries distributed in a variety of ways.<br>Guaranteed income for selected artists<br>% for Art<br>Public Lending Right<br>Public Exhibition Right |
| United States | National Endowment for the Arts<br>-primary funding source for the arts<br>Institute of Museum Services<br>-operating and grant support to museums | 50 State Arts Agencies<br>6 Special Jurisdiction Arts Councils<br>8 Regional Arts Agencies (private nonprofit organizations)<br>Some institutions get direct appropriations from state legislatures in 20 states.<br>Arts lottery plus local lottery councils in Massachusetts. | 1,500-2,000 Local Arts Agencies<br>Some gov't, some private non-profit.<br>Some institutions get direct appropriations from city government. | System reflects the fact that the government has a federal structure.<br>Partnership Office of NEA provides Basic Support Grants as matching grants to states.<br>New NEA Locals Test Program. | Yes:<br>National Endowment for the Arts<br>State Arts Agencies<br>Many Local Arts Agencies | Project Grants (Cost sharing is main mode of support)<br>Challenge Grants<br>Matching Grants<br>Ongoing support for operations through Institute of Museum Services<br>Direct budget to some national and D.C. area institutions<br>% for Art |

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MINISTRIES AND ARTS COUNCILS

At the national level, two broad organizational types have been the models for arts support agencies: the Ministry and the Arts Council. The Ministry, a central government agency headed by a Minister who typically has Cabinet status, and the Arts Council, a quasi-autonomous agency insulated as much as possible from the political influence of central government through the "arm's length" principle, have been seen as two diametrically opposed forms of arts support. But while this distinction may be a useful way to distinguish between government support systems at a macro-level, in practice it breaks down very quickly as the tensions between the two models and the advantages of each of the models result in a convergence of the organizational forms.

Surprisingly, of the eight countries in this study, France is the only one that currently has a "pure" Ministry of Culture. (Other countries combine culture with a variety of other areas of government policy to form hybrid ministries.) Under different governments the Ministry has had a variety of different forms--Ministry of Culture and Environment, Ministry of Culture and Communication--but culture has always been the centerpiece since the Ministry was created in 1959. Under the Mitterrand government the Ministry of Culture has taken on a new importance with an unprecedented doubling of its budget and with the appointment of a high profile Minister of Culture.

In Italy there has been a strong traditional separation between the cultural heritage and the performing arts, and this separation is embodied in the national funding structure. Two central ministries created in the mid-1970s provide approximately 80% of central government funding for the arts: the Ministry for Cultural Property and Environment, which is responsible for historic preservation, national museums, libraries and archives, and the

promotion of the fine arts; and the Ministry for Tourism and the Performing Arts, responsible on the arts side for the promotion and support of music, theater and cinema. The latter ministry illustrates a trend toward emphasizing the economic role of the arts, a relatively new argument in the logic of arts support, which many of the individuals we interviewed view as emanating primarily from recent research on the economics of the arts in the United States. The Italian regions, which have become more important sources of arts funding in the last 10 years, have chosen to combine all of their arts activities in single offices, leading to pressure on the central government to combine its arts activities into one ministry to improve the coordination of these activities across governmental levels.

Significantly, both ministries include advisory bodies, adopting a bit of the autonomy of the Arts Council model: the National Council for the Cultural Heritage, composed of representatives of all the regions and of other ministries as well as outside experts and representatives of the scientific disciplines, advises on policy and planning; and the newly created National Council for the Performing Arts, composed of representatives of the regions, other ministries, professional organizations, trade unions, and experts, will advise on the three year plan and on the annual allocation of funds.

The Netherlands and Sweden are the countries in the current study that most clearly consider the arts and culture as aspects of the overall social welfare policy of the state, and this is reflected in the organization of their ministries. In the Netherlands, as the national view of social welfare has evolved, the organizational structure of arts support has changed. After the Second World War the arts were within the Ministry of Education, Arts and Science. In 1965 the Ministry of Cultural Affairs, Recreation and Social Welfare was created, and in 1982 public health was added to its portfolio forming the Ministry of Welfare, Health and Cultural Affairs. The Ministry

currently deals with public health, cultural affairs, sport, the media, and community development.

This structure is clearly designed to exploit one of the advantages of the ministerial structure, the encouragement of interactions between areas of government policy. The arts become a full partner in government rather than being situated at the periphery, and this facilitates cooperative work with other government offices, particularly important for the implementation of socio-cultural programs. Arm's length agencies, on the other hand, may find it more difficult to convince governmental agencies to cooperate fully with them.

In the Dutch Ministry the Directorate-General for Cultural Affairs has four divisions: Fine Arts (including Arts and Architecture, Film, Artistic Cultivation/Amateur Arts, Music and Dance, and Theater and Letters); Museums, Monuments, and Archives; International Relations; and Radio, Television, and Press. As in Italy, the Minister is advised by an Arts Council ("Raad voor de Kunst"), which is comprised primarily of laypersons with credentials in the various artistic fields and serves as a link between the art world and the government. The Council advises on policy questions and is very involved in policy debates; it also makes recommendations on funding, though recently these recommendations have often been for much more than the available funding so the staff of the Ministry has had to make the final decisions. Until recently the Council has had seats dedicated for certain artistic organizations, but this led to the criticism that these representatives advocated only the interests of their own organizations or constituencies. Both of these factors have raised the issue of whether it is the Arts Council or the Minister who has the ultimate authority.

In Sweden the arts come under the aegis of the Ministry of Education and Cultural Affairs through its Department of Cultural Affairs and Department of

Mass Media Policy, but the role that the Ministry plays is atypical because of the general organization of Swedish government. The Parliament makes decisions of principle and finance, while government departments are concerned with policymaking and financial allocations but not with day-to-day administration, which is usually the responsibility of independent authorities. In the arts the independent authorities are typically the arts institutions themselves, and they generally receive direct budget allocations from the government.

Onto this ministry structure has been grafted the National Council for Cultural Affairs ("Staatens kulturrad"), a quasi-autonomous organization within the Ministry but operating with substantial input from laypersons. The Council has a board and four committees for various cultural fields. The board is comprised of representatives of political parties (including members of the Parliament's Standing Committee on Cultural Affairs), municipalities, various organizations, and cultural workers. The Council is responsible for the development of cultural policy, the assessment of the proposed budgets submitted by grantees, and the actual distribution of grants in some artistic areas, but its overall grantmaking discretion is ultimately limited by the detailed budget allocations passed by Parliament after consultation with the Council.

According to the Fundamental Law of the Federal Republic of Germany, the Lander (the regional or state governments) are vested with the responsibility for making decisions in matters of education and culture. The role of the national government is extremely limited, and, as a result, there is no central arts agency, though there are a number of limited activities in several ministries. Because policy and practice vary widely across the Lander it is difficult to identify one model of arts support. Each Land, however, has a Minister (or the equivalent) of Cultural Affairs, often in combination with science, education, or sports; and each city-state has a Senate department of

culture. These offices cooperate through the Standing Conference of Cultural Ministers.

In Germany, too, there are signs that elements of the Arts Council model are beginning to be adopted. Increasingly the Lander are using expert advisory committees in making decisions that involve questions of artistic quality. Perhaps more significantly, at the national level there is a proposal for the creation of a National Cultural Foundation with the participation of the federal government and the Lander. Earlier proposals of this type have foundered on the German aversion to a national cultural policy, but the current proposal is being advanced by the Lander and may be more palatable. The Foundation would provide a pool of resources to purchase objects of national importance, coordinate the current federal activities, and support certain other activities, particularly those of supraregional interest. Some of the Lander want an "NEA type organization." Some see the proposal as a way to bring federal money closer to the concerns of the Lander. "Kulturrat", an important arts lobbying organization, opposes the plan because it feels that limiting the government's control over these resources would lead to a narrower focus in the mix of activities actually funded. Arts institutions are afraid that moving resources to an autonomous organization of this sort would eventually lead to a shrinkage in available resources as the autonomous organization would be less effective in lobbying for government money than would agencies more integral to the government, another of the important perceived advantages of a ministry.

With the creation of the Arts Council of Great Britain in 1946, Great Britain became the first country to create a quasi-autonomous non-governmental organization ("quango") to be the conduit for government support of the arts. It was a model eventually copied by a number of English-speaking countries

including Canada and the United States. Waldemar Nielsen has characterized the difference between the British form and the Swedish form of an arts council as one of who ultimately formulates policy: "The (Swedish) government thus spends its money via the council to carry out government objectives. It is not, as in Britain, a matter of the Arts Council seeking government money to carry out its own policies."(3) And one might add Canada and the United States to this last sentence as well.

Though the Arts Council is the most visible organization supporting the arts in Great Britain, it only encompasses part of the British government's support for the arts. The Office of Arts and Libraries is actually the central agency through which virtually all of central government funding for the arts flows. Once located within the Department of Education and Science, under the current government the Office of Arts and Libraries has become independent. Though OAL is not referred to as a "Ministry," it is headed by a Minister for the Arts who participates in the Cabinet as a junior minister. Roughly half of OAL's annual budget goes to the Arts Council over whom the minister has very little influence, twenty-five percent is provided as direct support to the national museums, and the remainder goes to a variety of other museums, smaller quangos, and specific projects. Thus, the Office of Arts and Libraries combines direct funding with heavy use of an independent regranting organization. It should be noted that even though money for the national museums does not go through a regranting agency, OAL would argue that these grants reflect the arm's length principle as well in that the museums are independent trustee institutions and once the budget allocation is made by OAL they are left to spend the grant as they see fit.

Parliament has been considering broader earmarking of arts funding for several years. The 1981-82 report of the House of Commons Education, Science and Arts Committee, Public and Private Funding of the Arts, recommended that

the Arts Council should administer a separate grant for the national companies as earmarked by the Minister. In the same report a Ministry for the Arts, Heritage and Tourism with a Minister of full Cabinet rank was proposed to provide a more effective voice for arts interests within government.

Two more recent events illustrate the tension between Parliament's desire to provide directly earmarked funding to specific clients of the Arts Council, particularly the "national" institutions, and the Arts Council's desire to maintain its own autonomy. The Priestley Report, a financial scrutiny of the Royal Opera House and the Royal Shakespeare Company commissioned by OAL, led to an increase in the Council's grant-in-aid for 1984/85 that was earmarked for these two companies plus four other opera companies. This marked the first time that ACGB allocations were earmarked. There are indications that the opera companies are now quietly lobbying to have their entire grants earmarked.

The current government's plan to abolish the Greater London Council and the Metropolitan County Councils will affect approximately 40 million pounds that these government agencies currently spend on the arts. To offset most of this loss the government has agreed to provide an additional 34 million pounds to OAL, 17 million for the major museums and art galleries, 1 million for the British film Institute and 16 million for the Arts Council. To ease the transition the Arts Council has agreed, in principle, to spend most of this amount in the GLC/MCC areas for at least the first few years, but they have made it very clear that they will make the final decisions and that ultimately the increase in funding will be spent according to the Council's criteria, foreclosing continued government funding for a number of the GLC/MCC funded activities.

The Canada Council, created in 1957, was modelled on the Arts Council of

Great Britain, but its conception took the "arm's length" principle one step further. It was designed to be administratively independent and financially independent of the government. An endowment was created with 50 million Canadian dollars in taxes from the estates of two Canadian industrialists, and the income on the endowment was restricted to funding the Council. In this regard the Council was actually more similar to a large private American foundation. The growth of the Canada Council has long since surpassed the yield from its endowment, and the major source of funding is now its annual grant from the federal government.

While the Canada Council is still the primary federal arts funding agency in Canada, over the years a variety of cultural agencies more or less independent of government have been created and various governmental departments have been given increasing direct responsibility for supporting art and culture. The central governmental cultural agency is the Department of Communications, headed by the Minister of Communications who is often referred to as the de facto Minister of Culture. While it still jealously guards its autonomy in making grant decisions, the Canada Council now comes loosely under the umbrella of the Minister of Communications who transmits the Council's budget request to Parliament but has no direct authority over the Council. In this way the relationship between the Canada Council and the Department of Communications is not unlike the relationship between the Arts Council of Great Britain and the Office of Arts and Libraries.

A rough division of labor as to responsibility for various types of artistic support has evolved between the Canada Council and the Department of Communications. In general, the Canada Council concerns itself with professional artists and arts institutions, most particularly those activities where funding decisions must embody judgments of artistic quality. The Department of Communications takes direct responsibility for the cultural

industries and for forms of aid that are not primarily keyed to questions of artistic content such as deficit reduction, organizational management, and facility construction and renovation. (This division in responsibilities is mirrored at the provincial level where some of the provinces have both Departments of Culture and Arts Council.)

Actual funding patterns are not as clear as these principles might suggest, and there is constant negotiation and positioning as these two funding agencies redefine their turf. The government's desire to have more influence on determining policy directions--particularly as concerns the geographical distribution of artistic activities, the level of Canadian content, the role of education, the importance of multiculturalism, and the structure of cultural distribution systems--and more administrative control are two themes that have surfaced more frequently in recent years, particularly in the 1982 Report of the Federal Cultural Policy Review Committee, perhaps the most comprehensive analysis of arts funding practices to have been undertaken recently by any of the countries in our study.

Alongside the Canada Council are numerous other cultural agencies, all similarly independent from the Department of Communications. National Museums of Canada provides direct ongoing support to the national museums and a wide variety of grant programs to a broader range of museums. (Thus, unlike the British Office of Arts and Libraries, museum support is also relegated to an arm's length agency.) Support for scholarly work in the social sciences and humanities was originally included in the mandate of the Canada Council, but these areas were split off in 1978 with the creation of the Social Sciences and Humanities Research Council, a structure similar to the NEA/NEH split in the United States.

In the current study the National Endowment for the Arts is the best

example of a "pure" arm's length agency, receiving its appropriations directly from the Congress rather than through an intermediary government department. A separate and smaller arm's length agency, the Institute of Museum Services, provides general operating support and other grants for conservation, management and technical assistance to museums. Funding is provided directly to the Smithsonian Institution. And some funding is earmarked by Congress for several other national and D.C. area institutions,

When viewed as a whole, the experience of the eight countries in evolving their own funding structures suggests a slow convergence of the ministry and arts council models of arts support. Countries with ministries have moved to the greater flexibility of the arts council model with greater involvement of the various artistic sectors themselves in decisionmaking, transforming funding decisions, it is hoped, into artistic decisions rather than into political decisions. On the other hand, with the exception of the United States, the arts council countries in our study have adopted elements of the ministry model, trying to incorporate some of the increased political clout of that model. But it is clear that increased political clout works both ways: on behalf of the arts as they are more effectively represented in government and on behalf of the government and its political agenda.

This convergence is happening in the context of a general levelling off or diminution of arts funding at the national level in all the countries in the study, and the independent arts agencies are finding themselves with less flexibility as they are forced to allocate larger percentages of their budgets to their major ongoing clients. As a result, a new view is emerging as to the true extent of the arm's length principle. In Canada the Canada Council is more aware than ever before that its decisions are made within a political context, within a cultural context--especially the competing demands of

multiculturalism, and within an economic context, all of which gives them less elbow room. Robert Hutchison, in his study of the Arts Council of Great Britain, has concluded that although the arm's length principle has provided valuable protection against government censorship and control, "...the Arts Council has to, and does, work within the grain of Government policy." [emphasis added] (4).

DEVOLUTION, DECENTRALIZATION AND SUPPORT AT THE REGIONAL AND LOCAL LEVELS

An important and current question in the debate on arts policy in most of these countries is the role that decentralization should play in funding and decisionmaking. A variety of decentralization policies have been implemented in these countries, mostly in the last decade, and only now are the results of the policies beginning to become evident.

Table 2 indicates that in all of the eight countries the responsibility for arts funding is widely shared across levels of government. This is reinforced by Table 3, presented in the next section of this report, where it is shown that only in Sweden and Italy do regional and local governments provide less than half of the total public expenditure on U.S. equivalents, but even in both these cases regional and local governments provide 46% of total support. But these figures by themselves do not necessarily summarize the distribution of decisionmaking power over cultural funding, as cultural expenditures at one level of government may be controlled in large part by cultural policies and actual financial transfers from another level of government.

Regional and local funding structures have evolved in a number of different ways, responding to regional and local priorities as well as to central government policies. The diversity of experience indicates that governments may have very different things in mind when implementing policies of "decentralization" and for this reason it becomes very difficult to compare these policies across countries without a substantial amount of information on the national context and the historical evolution of arts support.

As a first step it is necessary to disentangle the concepts and vocabulary surrounding the allocation of programs across levels of government. At the heart of the matter is a confusion that exists between the concepts of

"devolution" and "decentralization" and the relationship that each has to the three critical dimensions of government initiatives: policymaking, financial resources, and administration. We will use the term devolution to refer to the movement of responsibility for a government program to a lower level of government such that that level of government has complete autonomy along each of these three dimensions. While devolution is normally used to refer to the relegation of government initiatives to the private sector, within arts policy it can also serve a useful analytical function to discuss the allocation of programs across levels of government. Decentralization, on the other hand, refers to a governmental initiative where policymaking and the allocation of financial resources are decisions that are kept at a higher level of government, while a lower level of government is given the responsibility for implementing and administering the program.

In government arts support systems it is not uncommon to witness an intermediate form of governmental program allocation. Some governmental arts funding agencies have found it desirable to strike a middle ground by transferring financial resources to the lower level of government along with administrative responsibilities so the lower level's control is only constrained by the general policies of the higher level of government. Examples of all three forms can be found in the eight countries in our study.

The Federal Republic of Germany, Canada and the United States all conform fairly clearly to the pure model of devolution because of the federal structure of their governmental systems. In all three cases, while some arts support exists at the level of the central government (appreciably more in the U.S. and Canada than in Germany), regional art support is very important and quite autonomous along all three dimensions. In Germany arts support never actually moved from one level of government to another as the Fundamental Law of the Federal Republic of Germany specifies that devolution at the creation

of the post-war governmental structure. Similarly, the federalized structure of Canadian art support evolved without any explicit central government policy as provinces decided to copy at the provincial level the model offered first by the Canada Council and later by the Department of Communications. In the United States most of the State Arts Agencies came into existence after the National Endowment for the Arts offered the added incentive of matching grants for their creation, but those transfers, which continue to be made on an annual basis through the Endowment Office for Public Partnership, carry few restrictions as to policy. So even though devolution was achieved through a carrot rather than a stick, it is still devolution in the sense that we are using that term. (The mimicking of the Canada Council at the provincial level and the National Endowment for the Arts in many of the state arts agencies raises a related issue: What is the effect of devolving arts funding to an organization which is closely modelled on the one from which it has been devolved?)

Italy's experience with devolution has been more complicated. In 1972 responsibility for museums and local libraries was transferred to the regions. (In the latter case this is actually an example of increased centralization rather than devolution.) Since that initial step, the regions have gradually expanded their role to various other artistic sectors, even though Italian law did not necessarily allow them the policymaking latitude to do so. The regions naturally selected rather different paths leading to striking differences in the level of cultural activity among the regions. This prompted the central government, which sees the goal of equality and uniformity across the country as part of its mandate, to pull in the reins in a series of reforms concerning the heritage, music, theater and cinema. In 1983 a new division of responsibility was established: central government

would take responsibility for general principles and coordination, the regions for promotion and planning, and the municipalities for management.

One could make the argument that the major difficulty with the process of devolution in this case came from the fact that the central government was slow in the process of more fully devolving responsibilities for the other artistic disciplines. But it seems that this would miss the major dilemma inherent in the story. The goals that governments espouse for their cultural policies include two goals that are drawn into conflict by the process of devolution: the goal of providing a uniform level of artistic activity throughout the country and the goal of encouraging excellence through vitality, variation and diversity in the provision of activities. As arts programs are devolved, the decisions of lower levels of government will quite likely favor the second more than the first. As the provision of services becomes unequal the central government may well find itself drawn into a reconsideration of its devolution policies and might decide to recentralize policymaking, moving from devolution of arts activities to the mixed model in which funding and administration are still decentralized but subject to a high degree of central control. (Local and regional governments are unlikely to be happy with this situation for long.) Thus, in a country where a relatively uniform distribution of services is valued, a devolution strategy to provide those services is likely to prove unstable, and the central government will reassert its interest by moving the system away from devolution.

The example of the Federal Republic of Germany is similar in this regard, though the changes are not as striking as in Italy. The proposal to create a National Cultural Foundation is in part designed to facilitate a level of supra-regional coordination, funding and policymaking where none of these has existed before to meet national goals. At the same time Germany, Canada, and the United States, because of their highly federal structure do not place as a

high a value on uniformity in delivery of services across the country. In fact, their national policies explicitly value the sort of diversity and heterogeneity that would encourage a devolution strategy and allow it to be relatively stable.

The Arts Council of Great Britain began its relationships with lower levels of government with a series of its own regional offices, very much in the spirit of decentralization. But these offices were closed in 1956 when the Arts Council apparently came to the conclusion that its ability to make policy for the regions was slipping away, giving localities more than just administrative authority. Thus a decentralization strategy can fall victim to a desire for uniformity of policy just as the devolution strategy can fall victim to a desire for uniformity of coverage.

Soon thereafter the first of the Regional Arts Associations was formed, not by the central government but by local individuals and arts institutions who felt strongly that there was a role for local determination in arts funding and policies. Eventually RAAs were established throughout England and Wales, and they began to attract some funding from local authorities and the Metropolitan Country Councils. By 1962 the Arts Councils policies had turned around sufficiently, in large part due to an increasing recognition that very high percentages of its grants were going to artistic activities in London, so that the first tentative grants were made to an RAA.

The early grants were made with an agreement that the Arts Council would be able to assert its influence by selecting which elements in the RAA's program it would support, (the mixed model of support). Eventually, the Arts Council came to rely more and more on the independent, non-governmental RAAs to serve as regional conduits for Arts Council support, providing them with grants that are similar to NEA's Basic State Grants. (11% of the Arts

Council's grants currently goes to the Regional Arts Associations, with an additional 19% to the Scottish and Welsh Arts Councils. No less than 20% of NEA's annual program budget must go to state arts agencies and their designated regional organizations.) It was once the hope that the RAAs would receive a third of their income from the national government, a third from local government, and a third from private sources. The current composition is approximately 80-85% national, 15-20% local, and an insignificant amount of private support.

With the renewed emphasis on the role of local and regional governments in the assessment, evaluation, and funding of arts activities, the Arts Council has shifted an increasing number of its clients to the RAAs along with a financial transfer equal to their current grant, ultimately devolving the funding and assessment of these institutions to the RAAs. Last year, in a major policy document, The Glory of the Garden, the Arts Council proposed what it termed the "full devolution" of 45 more clients, nearly one-third of the Arts Council's revenue clients, along with their annual grants to the RAAs along with an unspecified amount of project grant funds. This devolution strategy is currently being negotiated. Eventually the level of ACGB funding to the RAAs would lose its specific linkage to these institutions and at that time, although the money would come in large part from ACGB and be subject to its general policy guidelines, these activities would be for all intents and purposes fully devolved to the regions. Critics of the Arts Council see this current plan as being more of a move toward decentralization than a move toward devolution under which the regional offices would carry out a central policy ultimately under central control. It is perhaps too early to tell what the ultimate outcome will be; the debate is very lively at the moment.

Whether there will eventually be a counter-reaction of the sort we have observed in some of the other countries will depend on the interplay between

the goals of uniformity of coverage and vitality. The Arts Council seems to be hoping to avoid this sort of backlash by retaining for itself three groups of clients: "those major clients which, wherever they are located, are expected to play a prominent part in the Council's policy of ensuring a more equitable distribution of arts provision in strategic areas throughout the country,"(6) the major national companies, and a relatively small number of clients who because of their extensive touring, their essentially experimental nature, or a significant minority appeal that is not linked to any particular region, are also of national significance.

In the Netherlands there has been a strong tradition of matching subsidy ("koppelsubsidering") for the performing arts in which the central government insists as a condition for its support, either informally in the case of orchestras or more formally in the case of theaters, that lower levels of government participate in providing subsidy. This procedure is relatively widespread and is used when it has not been clearly established which level of government has responsibility for a particular institution. For orchestras central government typically subsidizes 50% of the salaries and benefits of the members of the orchestra. On average, this amounts to 35% of the total costs of the orchestra. The municipalities and provinces together finance 55% of the total costs. For theaters the central government subsidizes a specified percentage of the working deficit, usually 40%; the other 60% is financed, for the most part, by the municipalities with some participation of the provinces. (The deficit is a large portion of total costs so the total subsidy is substantial.)

This process may be best described as a form of cooperative devolution, where no level of government operates independently of any other unless it is willing to incur the total cost of subsidy by itself. As with other instances

of devolution we have discussed, the policy directions of the various governments often diverge. With no agreed upon policy each level of government tries to aim its portion of the total subsidy to its respective policy attitude: the central government places an emphasis on artistic quality, the regional government on availability and accessibility of the arts to its residents, and municipalities on local consumption and participation. This leads to a high level of uncertainty in arts support. Which level of the government should an institution approach in the first instance? and which level of government should respond?(6)

Partially in response to this dilemma the government has instituted a reorganization in the performing arts with an "Exchange of Subsidies" ("subsidieruil") program. The government will increase its subsidy for the national and experimental performing arts institutions. Local and regional governments will reallocate their subsidies toward the remaining institutions. Thus, devolution proved unstable as the central government took what it considered to be a necessary step in reasserting a coherent policy direction. Ironically, at the same time the Museum Division of the Ministry seems to be moving in the opposite direction, encouraging more local subsidy in order to limit the degree of national influence on museums.

All of this movement is occuring in the context of a general policy of devolution on the part of the Dutch government. As a result of the Special Welfare Enabling Act the central government will begin this year turning over as many of its tasks as possible in the fields of welfare care, recreation, and education to lower levels of government. A major debate is currently taking place as to whether arts policy should be included in this devolution plan.

In France policy formulation and decisionmaking has traditionally been highly centralized, in the arts as much as elsewhere. To the extent that

regional artistic initiatives have tended to take the form of arts facilities such as the Maisons de la Culture, originally designed to provide encouragement and an outlet for local artistic creativity and to be funded 50/50 between central and local governments (a ratio that was never reached), these programs are examples of decentralization in the narrow sense of involving some degree of local autonomy in administration. But most of the programs and policies emanating from the central government have eventually taken on something of the rarefied complexion of centralized Parisian culture.

The current French government is instituting a major set of reforms designed to redistribute power and resources to local and regional governments. Each transfer of power will initially be matched with a financial transfer fully covering the corresponding expenditure. Eventually the earmarking will be phased out and the lower levels of government will be free to decide, fund and manage its own programs.

For art and culture this process has begun with the provision of Special Cultural Transfer Payments. At the outset these payments are made in the context of specific contractual agreements between the central government and lower levels of government. In 1982 and 1983 more than 160 of these agreements were signed. These agreements require the financial participation of the local government in the hopes that when the decentralization grants are ultimately turned over without strings, these governments will choose to continue their participation in the funding of cultural activities. One indication that this appears to be working for the moment is the fact that regional allocations to culture have grown significantly.

The policy, thus, is one of gradual devolution. It is far too early to tell to what extent the intermediate contractual step will promote a provision of artistic and cultural services that the central government will eventually

find sufficient. With the strong tradition of central control in France, particularly in the arts and culture, it may prove all too tempting to future governments to pull in the reins on this policy of devolution.

Swedish policies perhaps come closest to the pure model of decentralization. Policy formulation has been relatively centralized, while policy implementation has been increasingly decentralized. This process has been characterized as "centralized decentralization," where the process is carefully monitored and controlled by the state. In Sweden this decentralization of administration has been taken one step further than in most countries by placing significant responsibility for artistic and cultural activities in the hands of voluntary organizations including popular education associations (study circles), cultural workers' trade unions, amateur cultural organizations, youth organizations, and temperance organizations.

One of the most unique aspects of Swedish decentralization has been the creation of the regional orchestras. The central government created a network of regional orchestras simply by demilitarizing the military bands that were already distributed geographically and adding string players. (Contrast the elegant simplicity of this scheme to the difficulty of accomplishing what the Arts Council of Great Britain has decided to do. One of the outcomes of its recent policy review was the decision that 4 national orchestras was too many for London and that one should be encouraged to move to Nottingham. In England orchestras are self-governing cooperatives, and it is extremely unlikely that any of them will agree to this proposal.)

While the decentralization policies of the Swedish government have not engendered much opposition, their effect has been blunted by increasing limitation on public resources, and some individuals believe that Swedish cultural policy may be entering a new era of recentralization as these limited resources become concentrated once again in the major institutions in the

major cities, particularly with the new emphasis on the economic impact of the arts.

Taken as a whole these experiences suggest that as long as the goals uniformity of coverage in the provision of the arts and culture and encouragement of variety in artistic activities are both strongly held neither devolution nor decentralization will prove to be entirely satisfactory as a solution. Governments will find it desirable to intervene, taking on increased power of one sort or another before embarking on a new program of allocation of responsibilities. The challenge is in finding a support structure that will be able and will choose to pursue both goals simultaneously.

TYPES OF FUNDING

Another organizational area in which we observed considerable variation across the eight countries was in the funding mechanisms used by each country.

The predominant form of support in all the countries, except the United States, is the direct budget allocation for ongoing support to institutions. The method of calculation of the amount of subsidy differs somewhat from country, but the final result is a subsidy (or joint subsidies across levels of government) that supports a large portion of the institution's budget. It is not at all uncommon in France, Italy, the Netherlands, the Federal Republic of Germany and Sweden to find subsidy levels of 70-90%, even 100% of total costs. (Several examples are discussed further in Section V of this report.) And often these budget allocations are quite detailed, linked to specific budget items in the institution's budget request.

A brief survey is instructive. In France the most common type of subsidy is the direct budget for operating expenses. The government takes direct responsibility for salaries, and it has been estimated that the Ministry of Culture employs "11,000 functionaries or quasi-functionaries (on direct salaries or on permanent subsidies)."(7) French government has also evolved a proclivity for funding "Grands Projets," particularly large capital investments in cultural facilities, and it has been estimated that these huge direct expenditures will take up to one-third of the Ministry's budget by 1988-89.

In Sweden, direct, detailed budget allocations are made to major institutions and national authorities. In the performing arts there is often a 50/50 split between federal and local subsidy, with the total subsidy based on total personnel costs. In Italy direct budget allocations are funded by law rather than by administrative decision. The Dutch system of matching

subsidy for ongoing institutional support has already been described above.

The British provide direct budget allocations to the national museums through the Office of Arts and Libraries. The Arts Council of Great Britain provides most of its funding to its "revenue clients," those clients who are assured of a certain level of ongoing support for operations. Typically, this support amounts to deficit financing. In the past these clients have been able to assume relatively stable funding having once achieved the status of revenue client, but in the last four years the Arts Council has found it necessary, primarily for budgetary reasons, to discontinue some revenue clients and desirable to devolve more than 150 clients to the Regional Arts Associations. The discontinuation of Arts Council funding proved doubly serious for some previous clients, because their other sources of support began to question the quality of an institution that had lost its "Arts Council seal of approval." The Arts Council has been asked to certify to other potential funding sources that such decisions were not made as a judgement on artistic quality. In any event, the Arts Council is required to give one years advance notice of any such changes. The proposals in The Glory of the Garden would leave the Arts Council with 94 revenue clients of its own.

In West Germany three main types of subsidy are used: fixed percentage of costs, variable percentage of costs, and lump sum (grants). By far the most common is a variable percentage used to cover the projected deficit of the institution, which, once again, can be a very high percentage of costs.

The predominant mode of subsidy in the United States, on the other hand, is still the project grant, though in recent years the National Endowment has allowed institutions to propose entire seasons as their project, and the Institute of Museum Services has been created to provide ongoing operating support to museums. Canada uses a more balanced combination of direct budget support and grants.

The tradition of providing a high level of subsidy on an annual basis to a selected number of institutions has created several interrelated problems in a time of declining government resources. The first is that neither deficit financing nor percentage of cost financing provides incentives for arts institutions to search out and develop other sources of funding. This can be seen in the example of how the British Office of Arts and Libraries determines the level of subsidy to a museum. OAL asks the museum to prepare a proposed budget, telling it to assume an X% increase in prices and a Y% increase in salaries. (These increases are not guarantees, just benchmarks.) Then the institution adds in any additional projects it would like to undertake. Then expected receipts from all other sources are subtracted. This gives the grant estimate around which government subsidy is negotiated. Changes are primarily made at the margin, probably around the menu of additional projects.

The institution would be foolish to spend much time trying to enhance its other sources of revenue because any increases in expected receipts would simply be subtracted from the institution's subsidy leaving it at the same level financially, and any increases realized during the operating year would be "clawed back" by the treasury. While there are some variations in this procedure--in Sweden and Great Britain private support would not necessarily be subtracted from subsidy if it is for temporary, special projects over and above the normal operations of the institution--the scenario is generally repeated across the countries that provide heavy direct support. This situation is often exacerbated in the case of arts institutions that are public agencies, whose earned revenues from admissions or sales are treated as income to the government and transferred directly to the public treasury without being credited to the institution. (Two of the museums in our survey

of individual institutions, discussed in Section V, reported this type of arrangement.)

Proposals are just beginning to surface in an attempt to provide incentives for searching for other sources of support, whether earned or contributed, rather than disincentives. The clawback procedure in Great Britain continues, but the government has agreed to "revote" any genuine surplus to the institution two years later. The Arts Council has announced its intention to institute an intermediate level of support to "franchise clients," where funding will only be guaranteed for a limited number of years after which point the institution will be on its own with other sources of income. The French government is considering requiring the major arts institutions to find 20% of their total budget from other sources of income.

The Netherlands is experimenting with a program of 3 year budget financing during which time the institution gets to keep any surplus it is able to generate and use it for its own purposes, but it is also forced to absorb any deficit it might run during the period. The institutions are afraid that any success in finding new sources of revenue will result in reduced subsidy at the end of the three year period. The central government has given its verbal assurance that this will not be the case, but so far local governments have not been willing to commit themselves either way.

In Germany the City of Cologne has instituted five year subsidy for institutions during which time the institutions can keep any surplus and carry it over to the following years. The institutions protested bitterly against the plan, but it already seems to have been quite successful. For the three theaters in Cologne, the percentage of total operating income that came from earned income plus income contributed from sources other than government jumped from 55% to 85% in one year. The "Cologne Model" is now under consideration throughout the country.

A related problem is that these major subsidies to institutions have consumed an increasingly large portion of public budget allocations for culture, and it has become more and more difficult to respond to new cultural initiatives, particularly the so-called "free groups" that are currently very much in evidence in many European countries. Peter Nestler, the head of the Cultural Affairs Division of the City of Cologne, has concluded:

> Cultural policy in the sense of implementing carefully formulated measures and objectives has scarcely existed and was largely confined to allocating the 5% or at most the 10% of 'free resources.' Even in this marginal area, spontaneity turned into habit and projects became fixed preserves.(8)

The Canada Council, under similar budgetary pressures, though not involved in the high level of subsidy of some of the European countries, has informally begun to reallocate its resources with the hope that the Council will be able to increase its support for new initiatives. This will come at a cost to the largest institutions. As a general rule of thumb, large institutions will receive the same amount in current dollars from year to year, and medium institutions will be maintained at their level in current dollars. Hopefully, this will allow the Council to increase its allocations to new, small institutions.

Because of these budgetary pressures there has been an increasing interest in diversifying the sources of funding for the arts. This interest is undoubtedly more economic than artistic at the moment, aimed at the simple goal of increasing the financial resources for the arts, but with this shift in emphasis there is beginning to be a debate about the artistic desirability of diversity of funding sources. There is a fear that having to spend too much time on fundraising will detract from the artistic side of the arts organization. But diversity of funding may mean that recipients will be able to talk back to their donors, better resisting unreasonable pressures, and

that innovative proposals will be less likely to be foreclosed for lack of government subsidy. In any event, there are indications that all the European countries are quite envious, at the moment, of the American tradition of private support. And they are particularly interested in the matching grant model that is being used more and more frequently in the United States, though to date only modest attempts have been made to implement matching grant types of subsidy in Europe. They have been rather successful at the provincial level in Canada.

Even though direct operating support is the primary mode of subsidy in all these countries, the other countries in our study make wider use of other types of subsidy than does the United States. Loans, loan guarantees, conditionally repayable loans, guarantees against loss, advances against receipts, parafiscal taxes created to provide enforced self-financing and reinvestment in various sectors of the cultural industries, direct purchase of artwork, issuing of treasury bonds to retire accumulated institutional deficits, a variety of guaranteed income schemes for artists, public lending rights, public exhibition rights, and the wide implementation of % for Arts legislation are among the wide variety of alternative types of subsidy that have been used creatively to support the arts. While many of these alternative forms of subsidy originated with governments' desires to support the profitmaking cultural industries without providing direct subsidy, they are increasingly being used to support more traditional clients because they allow the funding agency to multiply the effect of limited resources.

## III. FINANCIAL ESTIMATES OF PUBLIC SUPPORT FOR THE ARTS AND CULTURE

How much money does government provide to the arts in each country? A simple question that is surprisingly difficult to answer with any degree of confidence.

Table 3 summarizes our attempt to create a picture of public support from the various data sources. For each country the summary begins with a row labeled "All Expenditures." These figures represent a view of what each country includes in its arts and cultural funding. The second row separates expenditures on "U.S. Equivalents" from total expenditure estimates. Because it is developed according to a consistent base of comparison, it is this row of figures which comes closest to offering a truly comparative picture of levels of arts funding in these countries. (The process of identifying U.S. Equivalents is summarized in the Appendix A, which includes detailed tables on arts funding in each country with the U.S. Equivalents clearly identified.)

Perhaps the most striking thing about Table 3 is what it reveals about the spread of arts funding across levels of government. We have become accustomed to thinking about several of these countries, most notably France and Sweden, as having highly centralized arts funding, but in these cases the national share in direct government expenditure is only 29% and 34% respectively. Expenditure is quite clearly shared across all levels of government. Local government's share of direct support is particularly significant, varying from 36% in Italy to 60% in France.

From these data one should not conclude, however, that the decisionmaking power over direct support is similarly distributed. In countries other than the United States a large portion of regional and local revenue typically comes as a transfer from the central government, and the transfer may be made with fairly specific requirements on the expenditure of the transferred funds.

TABLE 3: PUBLIC SUPPORT FOR THE ARTS AND CULTURE
FINANCIAL ESTIMATES

| Country | Year | | Direct Government Expenditure: Nat'l Gov't Expenditure | Reg'l Gov't Expenditure | Local Gov't Expenditure | Total Direct Public Expenditure | Indirect: Estimate of Tax Expenditure | Total Public Expenditure |
|---|---|---|---|---|---|---|---|---|
| Canada (million Canadian $) | 1981-82 | All Expenditures: | 418 (36%) | 350 (30%) | 389 (34%) | 1,157 | small | 1,157 + |
| | | U.S. Equivalents: | 200 (21%) | 350* (37%) | 389* (41%) | 939 | small | 939 + |
| Federal Republic of Germany (million marks) | 1982 | All Expenditures: | 114 ( 2%) | 2,011 (41%) | 2,752 (56%) | 4,877 | small | 4,877 + |
| | | U.S. Equivalents: | 101 ( 2%) | 1,579 (39%) | 2,411 (59%) | 4,091 | small | 4,091 + |
| France (million francs) | 1983 | All Expenditures: | 11,990 (42%) | 2,791 (10%) | 13,443 (48%) | 28,224 | very small | 28,224 + |
| | | U.S. Equivalents: | 3,799 (29%) | 637 (11%) | 8,761 (60%) | 13,197 | very small | 13,197 + |
| Great Britain (million pounds) | 1983-84 | All Expenditures: | 256 (33%) | Support for RAAs included in other gov't levels | 520 (67%) | 776 | 15 (?) | 791 |
| | | U.S. Equivalents: | 174 (49%) | | 182 (51%) | 356 | 15 (?) | 371 |
| Italy (billion lire) | 1983-84 | All Expenditures: | 1,461 (68%) | 200 ( 9%) | 500-600 (?) (23%) | 2,161 | very small | 2,161 + |
| | | U.S. Equivalents: | 746 (54%) | 142 (10%) | 500-600* (36%) | 1,388 | very small | 1,388 + |
| Netherlands (million guilder) | 1984 | All Expenditures: | 1,742 (27%) | 309 ( 5%) | 4,332 (68%) | 6,384 | very small | 6,384 + |
| | | U.S. Equivalents: | 403 (38%) | 74 ( 7%) | 590 (55%) | 1,067 | very small | 1,067 + |
| Sweden (million kronor) | 1983-84 | All Expenditures: | 2,746 (43%) | 431 ( 7%) | 3,190 (50%) | 6,367 | 0 | 6,367 |
| | | U.S. Equivalents: | 1,195 (54%) | 195 ( 9%) | 841 (38%) | 2,231 | 0 | 2,231 |
| United States (million dollars) | 1983-84 | All Expenditures: | 266 (38%) | 136** (19%) | 300 (43%) | 702 | 2,356*** | 3,058 |

Notes: (?) Guess
* Not possible to separate U.S. equivalents
** Includes only appropriations to State Arts Agencies.
*** Includes arts and humanities for individual and foundation donations.

Also striking is the importance of tax expenditures as a form of public support for the arts in the United States. Indirect aid in the form of foregone taxes provides more than three times the level of direct public support. Even though there is little data available on tax expenditures in the other countries (the Canadian government is currently attempting to measure cultural tax expenditures), all the qualitative information we have been able to collect suggests that tax expenditures are of only marginal financial importance in the other countries. As we will see in the next section (pp. 52-55), this difference seems to have less to do with the existence of tax incentives for charitable contributions (the most important tax expenditure for the arts) than with the historic evolution of the relationship between the public and private sectors in each country. In any event, indirect aid for the arts is an important element of government policy and funding vis-a-vis the arts and must be accounted for in any comparative analysis.

The frustration with a table like Table 3 is that it leaves us with the problem of comparing support as measured in eight different currencies. Table 4 translates the total expenditures on U.S. Equivalents into U.S. dollars and expresses them as per capita expenditures. But this table should be used with extreme caution. At best it is only suggestive of the differences in the level of public support across the eight countries, and the reader should be careful to note the important methodological and theoretical caveats that accompany the table.

Table 4: Summary Table
Public Support for the Arts, All Government Levels
Per Capita Expenditure on U.S. Equivalents
(U.S. dollars, rounded)

| Country | Year | Per Capita Expenditure on U.S. Equivalents | Notes |
|---|---|---|---|
| Canada | 1981-82 | $32.00 | Estimate is high due to inability to separate U.S. Equivalents from provincial and local data. |
| Federal Republic of Germany | 1982 | $27.00 | |
| France | 1983 | $32.00 | |
| Great Britain | 1983-84 | $10.00 | Includes $.40 tax expenditure. |
| Italy | 1983/1984 | $14.00 | Based on a guess for local expenditure Estimate is high due to inability to separate U.S. Equivalents from local data. |
| Netherlands | 1984 | $29.00 | |
| Sweden | 1983-84 | $35.00 | |
| United States | 1983-84 | $13.00 | Including estimate of tax expenditure, which is high because available data are based on a broader definition of arts and humanities. |
| | | $ 3.00 | Direct government support only. |

Sources: Total public expenditure on U.S. equivalents for each country from Table 3. Population data and exchange rates used in the calculations are taken from International Financial Statistics, (Washington, D.C.: International Monetary Fund, January 1985).

Notes on the interpretation of Table 4:

The interpretation of data at this level of aggregation is complicated by the number of assumptions and compromises that are made in arriving at a final figure:

- Public accounting practices differ from country to country, so it is not clear that coverage is the same for all countries. In some cases, for example, social costs for employees such as pensions and health benefits are included, while in other cases they may not be. In Italy, for example, the regional figures apparently do not include any staff costs. Similarly, building rent and maintenance may not be included when they come under another governmental department.

- Generally, capital expenditures have been included though there is no way of being certain that this is true in all cases.

- The use of exchange rates to translate all expenditures into a common currency can hide more than it reveals. Recently, the dollar has been unusually high with respect to all of these currencies, making their expenditures appear artificially low. Ceteris paribus, French expenditures currently appear to be less than half of what they would have been in 1979-80 as a result of changes in the exchange rate alone.

- A calculation based on U.S. Equivalents assumes that they have been adequately identified, but in several cases--municipal expenditures in Italy and provincial and municipal expenditures in Canada--the level of aggregation of the available data made this impossible.

In addition to these technical caveats there are a number of factors that result from the unique situation of the arts:

- Neither national currency figures nor exchange rates can adequately capture real differences between countries in the cost of providing goods and services. It may be that it is simply more expensive to produce opera in one country than in another. This is likely to be particularly true in the labor intensive performing arts.

- It is undoubtedly true that each country has as an element in its arts policy the support of at least one "national" orchestra, one theater, one museum, one ballet, and one opera. At a minimum those costs have to be distributed across the population. For a smaller country, that distribution of costs would lead to a higher per capita expenditure than in a larger country.

- In the final analysis, the differences between countries may reflect differences in the relative importance of the public sector more than differences in the relative importance placed on the arts and culture. Per capita comparisons for other areas of government support would likely show similar differences.

On the other hand, the per capita comparisons in Table 4 are an improvement on previous comparative studies of arts support in four important respects:

- As much as possible, the estimates have been developed through using a common base of comparison, "U.S. Equivalents."

- The analysis has been expanded to incorporate indirect aid to the arts, though, unfortunately, good estimates of tax expenditures are not yet available for countries other than the U.S.

- All levels of government are included in the analysis.

- All primary arts funding agencies have been included: e.g. OAL in addition to the Arts Council of Great Britain, the Department of Communications in addition to the Canada Council, and both ministries in Italy.

The analysis suggests that there are two groups of countries. Canada, the Federal Republic of Germany, France, the Netherlands, and Sweden all have nearly identical, and relatively high levels of support. Italy, the United States and Great Britain provide public support at a level that is a third to half of the level of the other countries. The recognition and inclusion of indirect aid clearly makes a large difference for the United States; per capita support accounting only for direct aid is $3.00, whereas per capita support including indirect aid is $13.00. Though this number is not strictly comparable to the per capita figures for the other countries because the available American data on individual and foundation contributions include support for a wide range of arts and humanities activities that go beyond the scope of the "U.S. Equivalents" as defined in this report, it certainly suggests the magnitude of the difference between direct and indirect aid.

Because they are relatively small numbers, per capita figures have the effect of obscuring just how large the gap is in total funding. For example, the difference between the United States at $13.00 per capita and France at $32.00 per capita, translates into a gap of $4.5 billion if spread over the U.S. population.

For some purposes it may be useful to consider a slightly different analysis, one which focuses on contributed income rather than just on government support. From this perspective you would add total private contributions (not just the tax expenditure portion) to total government support. Even though data are not available for most of the countries, it is clear that this change in perspective would result in only slightly higher per capita figures. For the United States, on the other hand, per capita contributed support from both government (to the arts) and private sources (to the arts and humanities) would total $23.00 per person.

## IV. ORGANIZATION AND FINANCIAL ESTIMATES OF PRIVATE SUPPORT

One of the most consistent themes in the interviews we conducted for this study was the increasing emphasis being placed in all the countries on private support, even in those countries with the longest tradition of heavy public subsidy. Everywhere we went people were interested in the "American model" of arts support, with its heavy reliance on and encouragement of private sources of funding. Not surprisingly, in most cases this new emphasis has followed close on the heels of decreases in the revenues being devoted by the national governments to the arts. In all the countries in this study public funding for the arts has levelled off or has been cut recently, particularly at the national level. A second factor in the new emphasis on private support is the growing view that it is beneficial to the arts to have diverse sources of funding, promoting financial security and allowing the artistic innovation and vitality that may be thwarted by over-reliance on a single funding source.

Table 5 provides a brief picture of the structure and amount of private support in each country. As much as possible, we have tried to distinguish between patronage and sponsorship as sources for private support for the arts. Patronage implies an outright gift with the donor expecting little more than minimal recognition and personal satisfaction in return. Sponsorship, on the other hand, is a form of corporate support for the arts through which the corporation hopes to publicize and improve its corporate image through affiliating itself with cultural activities. In practice the distinction between the two becomes blurred, particularly since in most countries both forms of support are entirely deductible, either as charitable contributions or as business expenses. But in two countries, Sweden and Great Britain, the distinction is important because the tax implications are very different.

Table 5: PRIVATE SUPPORT FOR THE ARTS

| | Patronage | | | | | Sponsorship | | |
|---|---|---|---|---|---|---|---|---|
| Country | Tax Incentives for Private Cash Contributions | Individual Contributions | Corporate Contributions | Foundation Contributions | Estimate of Tax Expenditure | Corporate Sponsorship | Organizations/Programs for Corporate Sponsorship/Patronage | Other Tax Provisions |
| Canada | Charitable Contribution Deduction<br><br>-20% of net income | Negligible | $11 million Canadian<br><br>CBAC estimate 1983 members only, but includes high portion of total. | Few foundations | Statistics Canada current project to estimate total tax expenditures for culture. | Growing, but undetermined amount. | Council for Business and the Arts in Canada | Property tax exemption.<br><br>Cultural Property Export and Import Act - tax incentives for gifts/sales of works of national importance to national orgs.<br><br>100% Capital Cost Allowance for Canadian films. |
| Federal Republic of Germany | Charitable Contribution Deduction<br><br>Individuals:<br>-10% of income for political parties, social affairs, science and culture<br>-5% of income for charity<br><br>Corporations:<br>-10% or 5% of profit (as above) or<br>-2 per mille of turnover | Tradition of private art patronage for museums<br>-donations of collections<br>-finance of construction<br><br>"Friends Of" organizations are important<br><br>Individual donations primarily through estates | Small | Some support, but most to science and research | Small | Small<br><br>Varies across country<br><br>Growing interest | Kulturkreis im Bundesverband der Deutschen Industrie | Property tax exemption for institutions<br><br>Proposal to exempt art from wealth tax. Currently assessed at 40% of market value.<br><br>VAT - low rates for books, cinema, entertainment<br>- zero rate for concerts, theater, and events of public cultural organizations or bodies with same cultural ends |
| France | Charitable Contribution Deduction<br><br>Individuals:<br>-1% of taxable income<br>-5% for groups "in the public interest"<br><br>Corporations:<br>-1 per mille of turnover<br>-2 per mille for groups listed by Ministry of Culture<br>-3 per mille Ministry of Finance list | Very small<br><br>"Friends Of" organizations play a role in purchase of objects for collections<br><br>Private donations through Fondation de France | Very small | Very small<br><br>Fondation de France is a government-created foundation that plays limited role in arts funding | Very small | Developing<br><br>May be as much as 10 million francs<br><br>Primarily for classical music and museum exhibitions | Association pour le Developpement du Mecenat Industriel et Commercial | Acceptance of historic or artistic items in lieu of capital transfer taxes (can stay in private hands with public access).<br><br>Art works exempt from wealth tax.<br><br>VAT - low rate for books, cinema, concert and theater admissions<br>- high rate for records |

Private support has tended to go to the national museums, particularly gift or purchase of objects for collections

Private funds may not be deducted for capital projects.

Table 5: PRIVATE SUPPORT FOR THE ARTS (continued)

| | Patronage | | | | | Sponsorship | | |
|---|---|---|---|---|---|---|---|---|
| Country | Tax Incentives for Private Cash Contributions | Individual Contributions | Corporate Contributions | Foundation Contributions | Estimate of Tax Expenditure | Corporate Sponsorship | Organizations/Programs for Corporate Sponsorship/Patronage | Other Tax Provisions |
| Great Britain | Deed of Covenant (contract between donor and donee)<br>-unlimited amt.<br>-must be at least 4 years<br>-higher rate relief up to 5000 pounds<br>-differences in Scotland and Wales | Very small<br><br>Primarily through "Friends Of" Organization | Small | Some<br><br>Gulbenkian is most important 750,000 pounds | 15 million pounds (?)<br><br>Guess from Policy Studies Institute | Estimates vary 5-20 million pounds<br><br>Steady growth<br><br>Must be "wholly and exclusively for business purposes"<br><br>Capital funding does not qualify<br><br>Most goes to classical music in London | Association for Business Sponsorship of the Arts<br><br>Business Sponsorship Incentive Scheme<br>-1 million pound matching program (1:3) for new sponsorship administered by ABSA for OAL | Exemption from capital transfer tax and capital gains tax for gifts to charity.<br><br>Special rules governing Capital Taxation and the National Heritage (public access provisions).<br><br>50% mandatory exemption from local property tax ("rates") for charities, additional 50% at discretion of local authority.<br><br>VAT - zero rate for books |
| Italy | Charitable Contribution Deduction<br><br>Recent Law:<br>-gifts to gov't or nonprofits for acquisition and restoration of goods of artistic interest<br>-gifts for organizing exhibitions<br><br>Draft Law:<br>-gifts to performing arts organizations<br><br>Corporations<br>-2% of income<br>or<br>-5% of salaries | Small | Small | Small | Small | More important than in other European countries<br><br>Growing quickly | None | Inheritance taxes may be paid with gifts of works of art or buildings to state.<br><br>Draft law to exempt up to 70% of income from profits on music, theater, and cinema if reinvested in the same cultural field within one year.<br><br>VAT - low rate for books and admissions to concerts, theater and other entertainment |

Table 5: PRIVATE SUPPORT FOR THE ARTS (continued)

| | Patronage | | | | | Sponsorship | | |
|---|---|---|---|---|---|---|---|---|
| Country | Tax Incentives for Private Cash Contributions | Individual Contributions | Corporate Contributions | Foundation Contributions | Estimate of Tax Expenditure | Corporate Sponsorship | Organizations/Programs for Corporate Sponsorship/Patronage | Other Tax Provisions |
| Netherlands | Charitable Contribution Deduction<br><br>Individuals:<br>Min: higher of fl 200 or 1% of gross income<br>Max: 10% of gross income<br><br>Corporations:<br>Min: fl 500<br>Max: 6% of taxable profit | Very small<br><br>"Friends Of" Organizations | Very small | Very small | Very small | Small amount<br><br>Just beginning | Stichting: Sponsors voor Kunst (Sponsors for the Arts) | Institutions not exempt from local property tax unless they are gov't. buildings.<br><br>Works of art exempt from wealth tax.<br><br>Special rules offering partial or full exemptions from gift taxes and estate taxes for gifts to museums and "institutions in public interest."<br><br>VAT - low rate for books |
| | | Contributions generally for special projects. Recent emphasis on raising private funds for construction and renovation of facilities. | | | | | | |
| Sweden | None | Very small<br><br>Some through "Friends Of" Organizations<br><br>Some through estates | Nonexistent | Both private and corporate foundations but support limited. Most visible for museums. | Zero on private contributions<br><br>Other very small | Very small<br><br>Growing interest with recent change in gov't attention to private support | Under consideration<br><br>Also a proposal for a Nordic foundation to serve as a conduit for corporate support | Art institutions exempt from local property tax.<br><br>Works of art exempt from wealth tax.<br><br>VAT - zero rate for admissions to performing arts, museums, and cinema. |
| | | | | | | National Council proposal for "Culture and Working Life" program in workplaces to be financed by a small levy on corporate salaries. | | |
| United States | Charitable Contribution Deduction<br><br>Individuals:<br>-50% of adjusted gross income<br>-30% for gifts of certain property<br>-20% to private charities<br><br>Corporations:<br>-10% of taxable income | $3,650 million (1983)<br>Most important source of contributed income.<br><br>Estimate includes wide range of arts, culture, and humanities.<br><br>Estimate from Not for Profit Group, Chemical Bank | $263 million (1982)<br><br>Business Committee for the Arts estimate net of corporate foundations and limited to donations to the arts. | $452 million (1982/83)<br><br>Giving USA estimate plus BCA estimate of corporate foundations.<br><br>Estimate includes arts, culture, and humanities. | $1,750 million (individual)<br>+ 126 million (corporate)<br>+ 180 million (foundation)<br>+ 300 million (property tax)<br>$2,356 million<br><br>(estimates) | Substantial<br><br>No estimates | Business Committee for the Arts<br><br>Arts and Business Council<br><br>2% Clubs (local organizations or corporations that give 2% of taxable income to the arts)<br><br>Corporate matching programs to match employee donations to the arts. | Income tax deduction plus capital gains tax exemption for gifts of appreciated property.<br><br>Exemption from unified transfer tax.<br><br>Charitable contribution deductions in some states.<br><br>In general arts institutions are exempt from local property taxes, though not universal.<br><br>Nonprofit institutions exempt from state sales taxes. |

It is widely believed that an important, if not the most important, factor in encouraging private support is the "friendliness" of the tax code. While tax incentives may be critical to encouraging contributions within a particular country, it is clear from Table 5 that tax incentives are not sufficient. With the exception of Sweden, all of the countries provide tax incentives for charitable contributions. The real difference in levels of private support seems to lie more in historic patterns of patronage and the modern importance of the public sector in support of artistic activities than it does in differences between tax laws. One should be careful, however, in assessing the implications of this conclusion. While it may be true that the introduction of tax incentives for charitable contributions in a particular country will not necessarily result in a dramatic growth in private support in that country, it is not necessarily true that the level of private donations will be insensitive to changes in the structure of a pre-existing tax incentive.

Tax incentives for charitable contributions are of two types: the charitable contribution deduction (widely implemented) and the deed of covenant (in Great Britain and also in Ireland and Denmark). With a charitable contribution deduction, donors may deduct their charitable contributions from their income before calculating their income tax. This reduces the effective price of making the contribution, thus providing a financial incentive for charitable contributions, and creates a so-called "tax expenditure" in the amount of the taxes foregone by the government in choosing to provide incentives for charitable contributions. The incentive depends entirely on the donor's tax rate. Because most countries using deductions

evidence suggests that these limits are not a binding constraint; donors give much less than the limits would allow.

In several countries the laws governing charitable deductions have specific provisions for the arts and culture. In France the word "culture" has been recently added by law to the list of eligible donees, and the limit on corporate donations was expanded for certain cultural organizations to be determined by the Ministry of Culture. In West Germany culture is one of the sectors that can benefit from higher limits on deductibility. In Italy, culture is one of the few areas in which deductible contributions are allowed, subject to certain rules. On the museum side, gifts to the government or to nonprofit institutions for acquisition and restoration of goods of artistic interest or for the organization of exhibitions are deductible, though the regulations governing deductibility have not yet been promulgated. A draft law for the performing arts currently making its way through Parliament includes deductibility for gifts to performing arts organizations.

The deed of covenant is a multi-year contract between a donor and the recipient institution. In its basic form a donor agrees to make an annual contribution to the institution out of after-tax income, and the institution can then reclaim from the government the tax the donor had paid on that money earlier. In Great Britain the contract must be for a minimum of four years, and there are a variety of other constraints and administrative arrangements that add to the complexity of the system, but basically it is a mechanism that provides a financial incentive for charitable contributions that is similar to the incentive provided by a charitable deduction.(9)

Because private support has received little attention until recently and because in most countries the amount of private support remains small, little attempt has been made to study or quantify it. Therefore, there is very

little data on which to base estimates of private support, so we have relied heavily on personal interviews to provide a qualitative picture of the levels of support.

Yet, the overall picture is quite clear. With the exception of the United States, where private support is an extremely important source of funding for the arts, and Canada and Great Britain, where some elements of private support are important, private support from individuals, corporations, or foundations is very small. This conclusion is reinforced by the results of our study of individual arts institutions in each country, summarized in the next section of this report.

An exception to the generally low level of private support is the growth of "Friends Of" organizations. Many European museums and a smaller, though increasing, proportion of performing arts organizations have independent "Friends Of" organizations affiliated with them, providing a variety of services and income. As separate nonprofit entities, "Friends Of" organizations are often more attractive donees for charitable contributions than the institutions themselves, which are correctly perceived by donors as already receiving high public subsidy. These organizations also may offer a way for arts institutions to isolate their private funding from direct scrutiny when approaching the government for annual grants.

For museums, these organizations play an important role in the purchase of objects for the collection as well as in providing volunteer services. In the performing arts they focus on fund raising for very specific projects. In the Netherlands the role of "Friends Of" organizations has been expanded to include operation of museum shops and concessions. This arrangement allows a public museum to recapture revenues it otherwise would have lost, because paid admissions and revenues for any activities run directly by the museum are treated as public revenue and transferred directly to the government treasury,

without being considered as an increment to the museum's revenue. As a separate nonprofit entity the "Friends Of" organization can keep the money it raises and use it for its own purposes including purchase of artworks and support of special projects on behalf of the museum.

Up to this point we have considered individual, corporate and foundation contributions as private support for the arts, but to the extent that they are assisted through foregone taxes it is useful to think of these contributions as including an element of indirect public aid to the arts. Because of the lack of data on private contributions it is impossible to calculate these "tax expenditures" for any country other than the United States, and even in that case the number is a rough estimate.(10) Nevertheless, the pattern is clear. In the United States tax expenditures are a significant source of indirect aid to the arts, whereas in the other countries their impact is minimal.

No source of private support for the arts has occasioned as much recent interest and debate as corporate sponsorship. As all the European countries have turned to sources of private funding for the arts, they have turned first to corporate sponsorship, feeling that this is the place to begin because it is here that the art institution has something tangible to offer in return: the chance for the corporate sponsor to receive the benefits of favorable publicity.

In all of the countries in this study public opinion toward corporate sponsorship is becoming more favorable, though still mixed with a high level of caution. Arts institutions, themselves, have traditionally been wary of the artistic consequences of corporate support, fearing pressures that would move them toward commercialization of their activities. But in Europe, governments have also been hesitant, often for reasons that are peripheral to artistic questions. In Amsterdam the Heineken brewery bought a concert of the

Concertgebouw and invited its employees and clients. Because Heineken paid the normal ticket price the government objected, pointing out that the normal ticket prices were highly subsidized by the state and that the public subsidy shouldn't be used to assist a private interest in this way. In a similar vein, the Arts Council of Great Britain objected when its client organizations provided larger notices recognizing corporate support in their programs and posters than they provided for the Arts Council, whose financial participation was much larger than that of the corporate sponsor. The Arts Council now has an explicit agreement with its clients on this point.

Volvo offered to provide 5 years of support to the Goteborg Symphony to enable it to add 20 additional string players to its personnel. The government was unhappy with this arrangement, wondering whether at the end of the 5 years it would be expected to pick up the additional burden. More generally, the Swedish National Council for Cultural Affairs is struck by the paradox of encouraging greater corporate funding when one of the important goals of their national cultural policy is to "combat the negative effects of commercialism in the cultural sector."

While a change in public attitude is certainly a necessary precondition for increasing private support for the arts, the question that these countries are currently grappling with is, "Is it sufficient?" The rhetoric has clearly changed throughout Europe, and Ministries of Culture are beginning to ask their clients if they have approached private sources of funding before coming to the government. For the most part, tax incentives are available, though there is often a lack of clarity around the eligibility of cultural activities that translates into narrow enforcement by tax inspectors.

The only country that has moved beyond rhetoric to provide more concrete incentives for corporate sponsorship is Great Britain with its very recent Business Sponsorship Incentive Scheme. Through the Office of Arts and

Libraries the government has given 1 million pounds to the Association for Business Sponsorship of the Arts, a private organization along the lines of the American Business Committee for the Arts, to be used as matching grants to provide incentives for new corporate sponsorship for the arts. An arts institution that succeeds in finding new corporate sponsorship for the arts--new both for the institution and for the corporation--can apply to ABSA and receive one additional pound for every three pounds it receives in new sponsorship. Modelled on the use of matching grants in the United States, this program adds the twist that it is the corporation that actually decides who will receive the benefits of the matching grant, not the government. Apparently, the government feels that the normal deductibility of sponsorship as a business expense is an insufficient incentive and that additional money provided to the art institution of the corporation's choice will help to get the corporate sponsorship ball rolling.

There is increasing interest in corporate sponsorship from the corporate side as well. Many corporations are interested in moving beyond their long standing support of sports and recreational activities. And there is some evidence that in the United States and Canada corporations may be switching from patronage to sponsorship. In five of the countries private organizations have been created to encourage corporate support. The creation of a similar organization is under discussion in Sweden. (The most recent such organization, "Stichting: Sponsors voor Kunst" in the Netherlands, was assisted by a startup grant from the Ministry of Culture, another indication of growing government interest in private support.) In the Federal Republic of Germany, no such organization yet exists, though the "Kulturkreis" serves as an intermediary for its individual and corporate members, who pool their donations and distribute them to a variety of cultural activities.

The last column of Table 5 summarizes three types of other tax provisions that affect the arts: tax rules that affect the ownership and transfer of art objects, tax rules that affect nonprofit arts institutions, and tax rules that provide incentives on behalf of the profitmaking cultural industries.(11) Though this list is undoubtedly incomplete, it suggests that beyond tax incentives for charitable contributions, the United States has actually used tax laws less than the other countries as a vehicle for implementing cultural policies targeted at specific segments of the cultural sector.

## V. SUPPORT FROM THE PERSPECTIVE OF THE ART INSTITUTION
### Report on a Study of 32 Arts Institutions

As part of this study the National Endowment for the Arts requested that we study a sample of arts institutions in each country in order to provide a "bottom-up" perspective that could be compared to the "top-down" perspective inherent in comparing aggregate data on support patterns at the national level. In this way we were able to further substantiate our findings and observe the implications of the various sources of funding at the level of individual arts organizations. This study was designed by David Cwi and conducted by the Department of Arts Policy and Management at the City University of London under the direction of David Cwi and Michael Quine, and their results are available in a companion report entitled, "Public and Private Arts Support in North America and Europe: Income Data for 32 Cultural Institutions."

The mandate they were given was to design and carry out a micro-level study of arts institutions that would enhance the comparability of the overall project. They developed, in cooperation with the Endowment, three criteria by which individual institutions were selected for the study:

- The institution had to be fully professional.
- It had to be of national significance. (In general we tried to avoid institutions of the highest rank--flagship institutions with international reputations in the culture capital of the country--because we believed that their patterns of income would be atypical.)
- Institutions which were government agencies were not selected unless such institutions were typical of that discipline in the country.

In each country one ballet company, one theater, one orchestra, and one museum were selected. They are listed in Table 6.

Table 6: List of Arts Institutions Included in Study

| Country | Name | Discipline |
|---|---|---|
| Canada | Grands Ballets Canadiens | Ballet |
| | Manitoba Theatre Centre | Theater |
| | Hamilton Philharmonic | Orchestra |
| | Vancouver Art Gallery | Museum |
| Federal Republic of Germany | Hamburg Staatsoper | Ballet/Opera |
| | Schauspielhaus Bochum | Theater |
| | Munich Philharmonic | Orchestra |
| | Bavarian State Art Collection | Museum |
| France | Ballet National de Marseille | Ballet |
| | Comedie de Rennes | Theater |
| | Orchestre National de Lille | Orchestra |
| | Musee d'Art Moderne | Museum |
| Italy | La Fenice | Ballet/Opera |
| | Teatro Stabile di Roma | Theater |
| | Orchestra Regionale Emilia Romagna | Orchestra |
| | Civiche Raccolte Milanesi | Museum |
| Great Britain | London Festival Ballet | Ballet |
| | Crucible Theatre | Theater |
| | Halle Orchestra | Orchestra |
| | Tate Gallery | Museum |
| Netherlands | Nederlands Dans Theater | Ballet |
| | Haagse Comedie | Theater |
| | Concertgebouw | Orchestra |
| | Stedilijk Museum | Museum |
| Sweden | Cullberg Ballet | Ballet |
| | Malmo Stadsteater | Theater |
| | Stockholm Philharmonic | Orchestra |
| | Moderna Museet | Museum |
| United States | American Ballet Theatre | Ballet |
| | Guthrie Theatre | Theater |
| | Cleveland Orchestra | Orchestra |
| | Art Institute of Chicago | Museum |

Notes: In two cases, the Hamburg Staatsoper and La Fenice, it was impossible to separate the income of the ballet company from the larger artistic organization of which it is a part. Operas are typically more highly subsidized than ballet companies and the income figures should reflect this difference. The figures for the Bavarian State Art Collection and Civiche Raccolte reflect administrative groupings of several museums.

When graphing the data we refer to the institutions by country rather than by their individual names so that the analysis can be concentrated on what the individual institution's income reveals about the national pattern of support. Use this list for reference.

The research team collected data on operating income for the selected institutions in each of the eight countries, along with descriptions of the organizational structure of each institution, so that we could assess the degree to which the institution was "typical" of its discipline in its country, and a brief statement of what the institution felt were the important factors influencing corporate support of the arts in its country.

Each institution was asked to categorize its operating income according to six categories:

- National Government
- Local Government
- Other Levels of Government - Typically intermediate levels such as county, provincial or regional
- Individual, Foundations and Business - Private donations
- Admission Fees
- All Other Income - Including income from ancillary services, fees for service, royalty income, rental income, and interest

For analytical purposes in this report we have combined these categories into three groups: government support (combining the first three categories), private support (the fourth category), and earned income (the last two categories). Combining the three government levels permits us to focus on the overall level of public subsidy for each institution and view it in the light of our findings in the earlier sections of this report. While there are substantial variations among the institutions as to the source of their governmental support--some are essentially local, some are regional, others are national--these variations are often due to administrative arrangements whereby various levels of government have agreed to divide up the responsibility for subsidy. Combining admission fees and all other income and calling it "earned income" may be less justifiable, but for the institutions in this particular sample nearly all of "other" income appears to be earned. The analysis that follows uses this tripartite division to characterize institutional income.

A single institution drawn from an artistic discipline cannot be thought of as typical of that discipline or of its country's support patterns, and it would be all to easy to over-extrapolate from the study data. But the evidence gathered from a variety of studies of artistic sectors, summarized in Appendix B, suggests that the institutions we selected fall within the typical range of experience in each country. While it is difficult to draw firm conclusions characterizing national support patterns from such a small sample, the picture that emerges from the data does suggest strong patterns that can only be the result of (1) national differences in level of subsidy and (2) disciplinary differences in level of subsidy. Figures 1, 2, 3, and 4 present graphical summaries of the income distribution of the survey institutions by discipline. The analysis focusses on the relative (percentage) distribution of income. For each discipline the institutions have been ordered from left to right by increasing relative importance of government subsidy. Each figure presents the data with two complementary graphs. The upper presentation emphasizes earned income and private donations. The lower presentation emphasizes government subsidy as a source of support.

Taken as a whole the four sets of graphs reveal important differences between the countries. For the first three groups--ballet companies, theaters and orchestras--the institutions with the lowest level of government subsidy are the American institution, the Canadian institution and the British institution. For museums the institution with the lowest level of government subsidy is the Art Institute of Chicago, the American institution, and the Canadian institution is third. These differences are striking. The United States is by itself in terms of the institutions' abilities to raise funds through private sources. Canada and Great Britain seem to be next with fairly similar patterns of support. And the remaining five countries evidence high levels of government subsidy to their institutions.

Figure 1: Operating Income of Ballet Companies by Source
One Selected Institution per Country

Figure 1a: Earned Income and Private Donations

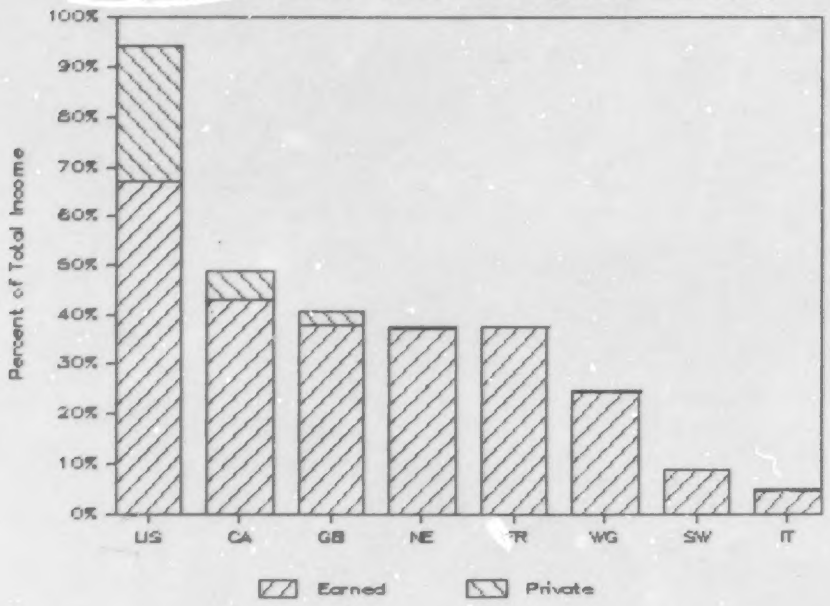
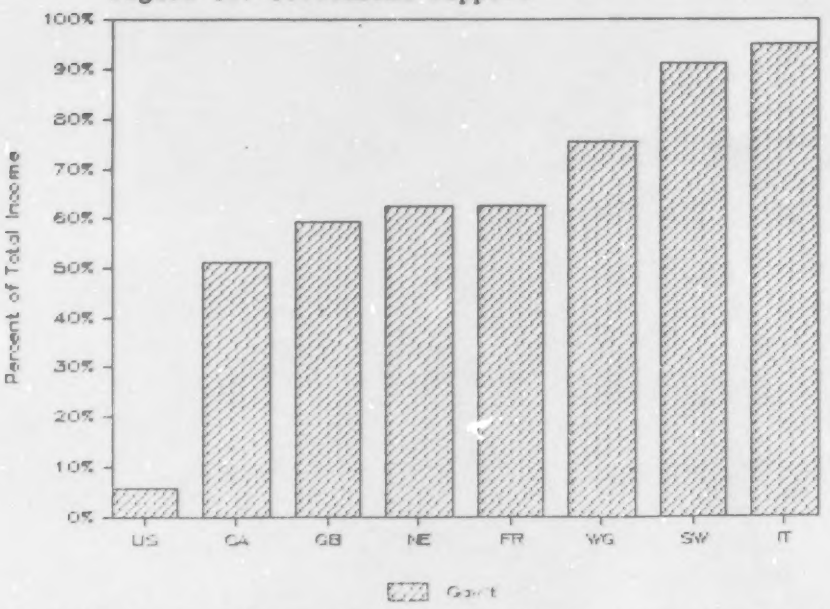



Figure 1b: Government Support




Note: To facilitate comparison each institution is identified by its country rather than by its individual name.

Source: David Cwi and Michael Quine, "Public and Private Arts Support in North America and Europe: Income Data for 32 Cultural Institutions," Department of Arts Policy and Management, City University (London), 1985.

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**Figure 2: Operating Income of Theaters by Source**
**One Selected Institution per Country**

**Figure 2a: Earned Income and Private Donations**

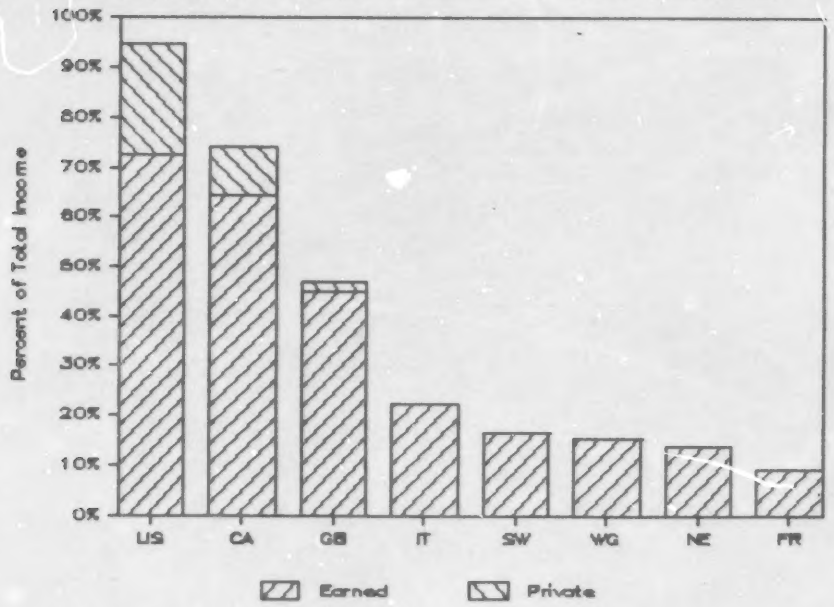
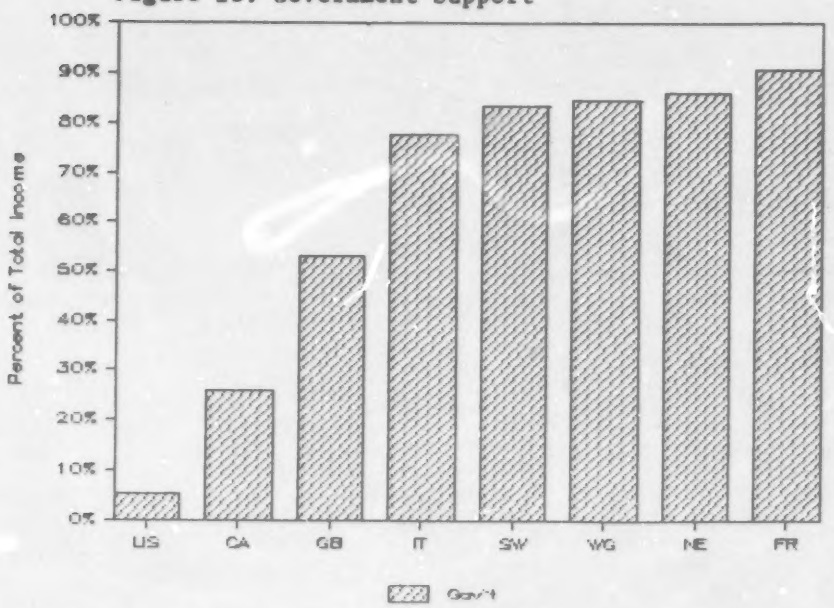



**Figure 2b: Government Support**




Note: To facilitate comparison each institution is identified by its country rather than by its individual name.

Source: David Cwi and Michael Quine, "Public and Private Arts Support in North America and Europe: Income Data for 32 Cultural Institutions," Department of Arts Policy and Management, City University (London), 1985.

**Figure 3: Operating Income of Orchestras by Source**
**One Selected Institution per Country**

**Figure 3a: Earned Income and Private Donations**

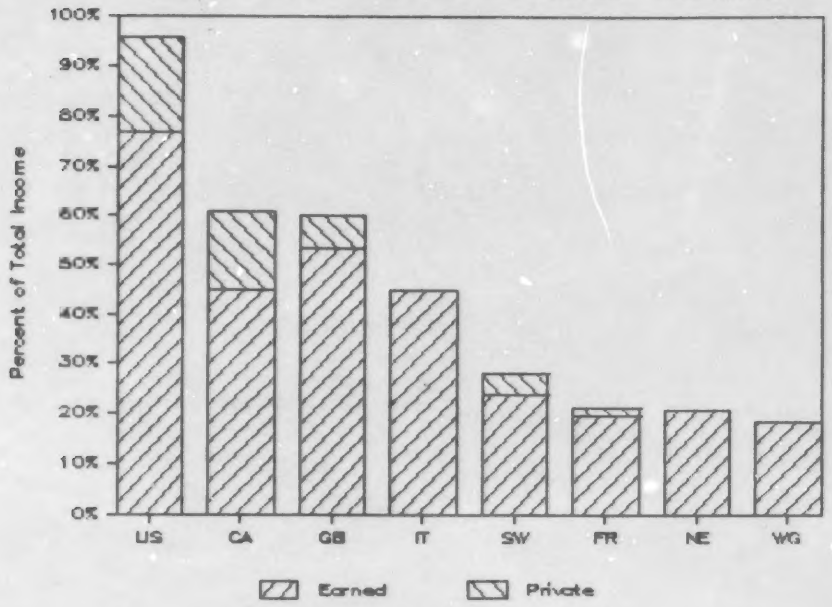
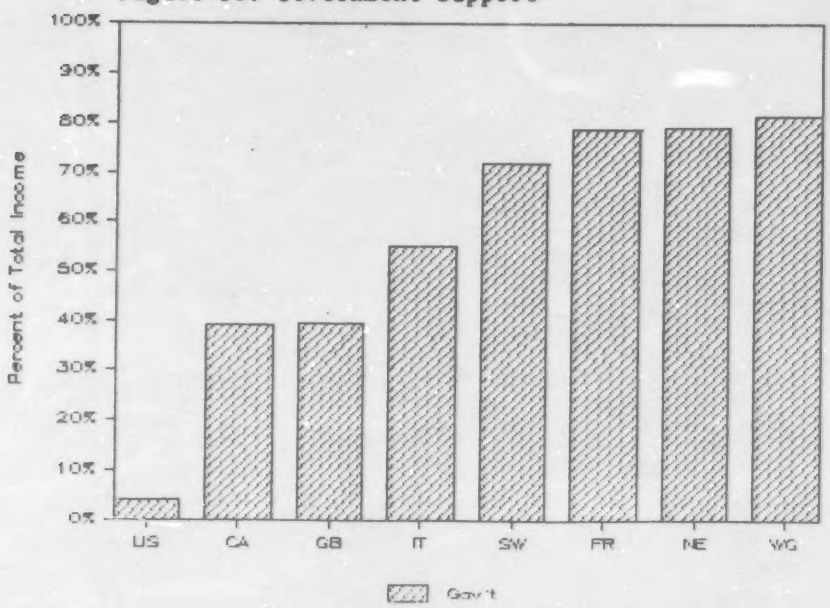



**Figure 3b: Government Support**




Note: To facilitate comparison each institution is identified by its country rather than by its individual name.

Source: David Cwi and Michael Quine, "Public and Private Arts Support in North America and Europe: Income Data for 32 Cultural Institutions," Department of Arts Policy and Management, City University (London), 1985.

**Figure 4: Operating Income of Museums by Source**
**One Selected Institution per Country**

**Figure 4a: Earned Income and Private Donations**

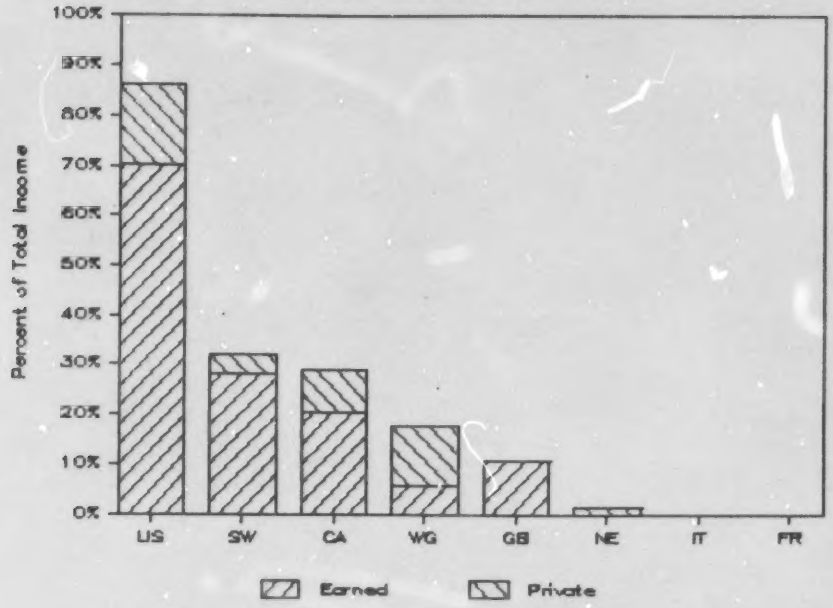
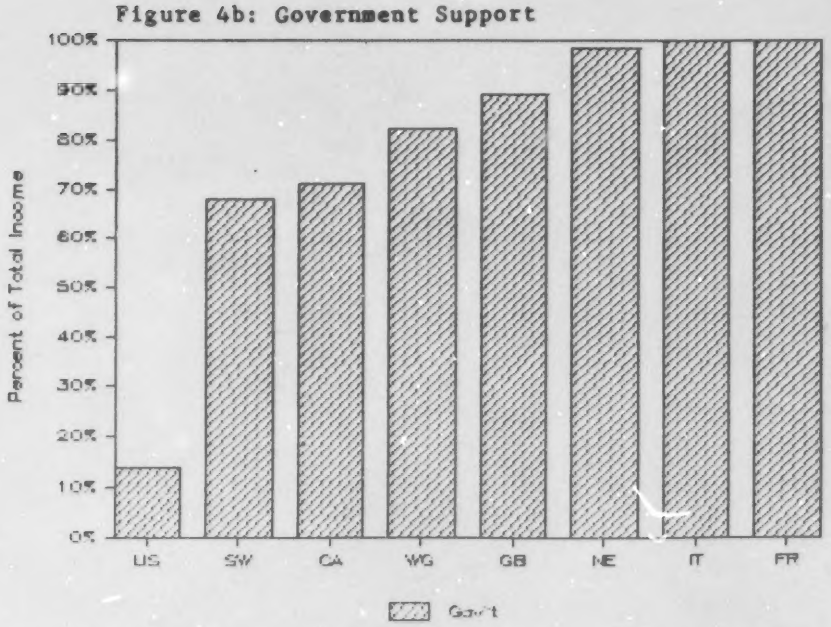



**Figure 4b: Government Support**




Note: To facilitate comparison each institution is identified by its country rather than by its individual name.

Source: David Cwi and Michael Quine, "Public and Private Arts Support in North America and Europe: Income Data for 32 Cultural Institutions," Department of Arts Policy and Management, City University (London), 1985.

The order among these five countries changes by discipline, but the differences within this group of countries for each discipline do not tend to be as great as the differences between groups of countries.

It is worth noting that these results appear to contradict the results of the per capita expenditure calculations reported in Table 4, particularly for Canada and Italy. In that analysis Canada had a relatively high per capita public expenditure on the arts, on the order of that of France, Sweden, the Federal Republic of Germany and the Netherlands. But from the perspective of individual institutions, Canadian government support appears relatively low in comparison to other countries. It is impossible to trace this seeming paradox without quite a bit of more detailed data, but it is possible that this difference comes from public subsidy being spread over a larger number of institutions per capita (as one might expect in a larger country where more institutions might be developed to serve a more dispersed population) or from being allocated more heavily to non-institutional grantees. The situation in Italy, with a relatively low level of subsidy per capita but with a high percentage of subsidy for the institutions in the sample, might be paradoxical in the reverse direction.

Of the 32 institutions, only seven receive 10% or more of their operating income from private donations: the four American institutions (27%, 22%, 19% and 16%), two Canadian institutions (the Hamilton Philharmonic at 16% and the Manitoba Theatre Centre at 10%), and the State Collection of Bavaria (12%). Six of the institutions earn more than 50% of their operating income from admission fees and other earned income: the four American institutions (67%, 73%, 77%, and 70%), the Manitoba Theatre Centre (64%), and the Halle Orchestra in Great Britain (54%). At the other end of the spectrum, four institutions clearly receive more than 90% of their income in government subsidy: two Italian institutions (Civiche Raccolte: 100% and La Fenice: 96%), the Comedie

de Rennes in France(92%), and Sweden's Cullberg Ballet (91%). There are also two museums whose statements show very high levels of government subsidy: the Musee d'Art Moderne of the city of Paris (100%) and the Stedilijk Museum in Amsterdam (99%). Both are city agencies and both charge admissions fees, but those fees go directly to the city treasury as municipal revenues and have no explicit relationship to the level of municipal subsidy. In the case of the Stedilijk, we have a figure for admission fees, 2.1 million guilder. If this amount were deducted from the municipal subsidy, it would reduce government subsidy to 85% of total operating income.

Looking at each discipline separately suggests interesting possible patterns in each case. Figure 1 summarizes the data for the eight ballet (or ballet/opera) companies. Only for the American Ballet Theatre does total private support, earned plus donations, provide more than half of the institution's operating income. For four of the ballets this percentage is approximately 40%. For two, the Swedish and the Italian, private support is less than 10% of total operating income. Private donations show up for six of the eight ballets but only for the first three do they account for more than 1% of income. In all likelihood the private donations that have been identified here for the Netherlands, West Germany and Italy are one time gifts. In another year, or with a different set of institutions, the pattern among the five countries could have been different as other one time donations would be uncovered.

Figure 2 summarizes the income distribution for the eight theater companies. The American, Canadian, and British representatives are the only three of the theater companies to show any private donations. Five of the theater companies receive more than three-quarters of their operating income from government subsidy.

The distribution of operating income of the eight orchestras is summarized in Figure 3. The Cleveland Orchestra obtains 96% of its income from earned income and private donations. The Hamilton Philharmonic and the Halle Orchestra both receive more than half of their income from these sources.

Of the institutions covered in this study, the museums are the most highly subsidized by government. Figure 4 shows that seven of the eight selected museums receive approximately 70% or more of their operating income in the form of government subsidy. The Art Institute of Chicago is the clear outlier, receiving only 13% of its income in government grants. Five of the eight museums show support from private donations, a fact that is indicative of the relative attractiveness of museum exhibitions for private donors. (In the case of the Moderna Museet in Stockholm the single private donation was a gift of $20,000 in American currency from American Express in support of the Matisse exhibit. Anyone showing their American Express card at the door was admitted free of charge.) Furthermore, the degree of private support for museums is likely to be understated in our data because of the importance of "Friends Of" organizations operating in parallel with museums and purchasing objects for the collection or providing other financial aid that might not show up in the museum's accounts.

In summary, the income data for these 32 institutions prove very useful in highlighting trends in public and private support for the arts in the eight countries. The study amply illustrates the difficulty in collecting comparable data in order to do a more complete analysis of income flows for arts institutions for a number of disciplines in a variety of countries. Differences in accounting procedures and administrative arrangements must be carefully accounted for in any truly comparative analysis.

NOTES

1. Nancy Marmer, "The New Culture: France '82," Art in America, September 1982, p. 117.

2. National Foundation on the Arts and the Humanities Act of 1965, Public Law 209--89th Congress, Section 3(b).

3. Waldemar A. Nielsen, Patronage and Pluralism, draft for Great Books Today Series, 15 January 1977, p. 25.

4. Robert Hutchison, The Politics of the Arts Council (London: Sinclair Browne, 1982), p. 19.

5. Arts Council of Great Britain, The Glory of the Garden: The Development of the Arts in England--A Strategy for a Decade (London: Arts Council of Great Britain, 1984), p. 36.

6. A. R. Edwards, "Decentralization of Arts Subsidy for Orchestra and Theater in the Netherlands," Journal of Cultural Economics, Vol. 7, No. 1, June 1983, pp. 83-94.

7. Augustin Girard, "The Choice: Arts Council or Ministry of Culture?" in Elizabeth Sweeting (ed.), Patron or Paymaster? The Arts Council Dilemma (London: Gulbenkian Foundation, 1982), p. 49.

8. Peter Nestler, "Financing the Arts in the Federal Republic of Germany: Cultural Policy at the Local Level (Principles and Procedures)," in John Myerscough (ed.), Funding the Arts in Europe, Studies in European Politics #8 (London: Policy Studies Institute, October 1984), p. 57.

9. For a more detailed comparison of the deed of covenant and the charitable contribution deduction see J. Mark Davidson Schuster, "Tax Incentives for Charitable Donations: Deeds of Covenant and Charitable Contribution Deductions," Working Paper #71, Program on Non-Profit Organizations, Institution for Social and Policy Studies, Yale University, December 1983. Forthcoming in University of San Francisco Law Review.

10. For a detailed discussion of the procedure used in estimating tax expenditures for the United States see J. Mark Davidson Schuster, "The Interrelationships Between Public and Private Funding of the Arts in the United States," Journal of Arts Management and Law, Vol. 14, No. 4, Winter 1985, pp. 77-105. The figures used in the current study are a bit more refined than those used in the article. Where there are differences in approach, they are noted in the entries for the United States in Table 5.

11. For a more detailed discussion of tax provisions vis-a-vis the arts in Western Europe see J. Mark Davidson Schuster, "Tax Incentives as Arts Policy in Western Europe," Working Paper #90, Program on Non-Profit Organizations, Institution for Social and Policy Studies, Yale University, February 1985.

## APPENDIX A: Detailed Financial Data on Each Country Showing Separation of U.S. Equivalents

The Tables in the following pages summarize the data collected by country and by level of government, listing all the data sources we used. We begin with the data on the United States as a point of reference. The other countries are then presented in alphabetical order.

In each table we have been careful to clearly identify those expenditures that we treated as U.S. Equivalents in the analysis. It will quickly become obvious that in many cases a lot of subjectivity was ultimately involved in deciding which expenditures or budget items represented a U.S. Equivalent and which ones did not. Generally, the task of separation became more difficult the higher the level of aggregation of the raw data we were working with. Most often we were forced to make the separation along organizational lines rather than along functional lines. In several cases, it was impossible to make even the most rudimentary separation of expenditures because the estimate provided to us came from a data collection procedure that would not allow us to go back one step to identify the component parts of that estimate.

In any event, we have made every effort to present our assumptions and our calculations as clearly as possible so that any reader who finds herself or himself in serious disagreement with what we have done will be able to recalculate the results under a different set of assumptions with a minimum of difficulty.

While we cannot be sure that we have picked up all of the expenditures that each country might have chosen to include in its own list of expenditures on the arts and culture--indeed, the perceived boundaries of "arts and culture" vary widely within a country as different agencies and different levels of government adopt different definitions and categories in collecting the data we present here, we are confident that our data collection has unearthed a very high percentage of the total U.S. Equivalents for each country. As a result, when we compare expenditures on U.S. Equivalents in the body of the report, we are comparing comparable quantities, something that most previous comparative studies of arts support have failed to do.

The last three tables in this Appendix summarize the annual expenditures of the National Endowment for the Arts and the two arts councils that are most similar to NEA, the Canada Council and the Arts Council of Great Britain.

Table A.1: United States
Government Expenditures on the Arts
(million dollars)

| Federal Government Agency | Fiscal 1984 Appropriation | Percent |
|---|---|---|
| National Endowment for the Arts | 162.00 | 61% |
| Institute of Museum Services | 20.15 | 8 |
| Smithsonian Institution (History and Art program plus prorated share of administration and other) | 41.40 | 16 |
| National Gallery of Art | 34.64 | 13 |
| Commission of Fine Arts | .34 | 0 |
| Department of the Interior | | |
| Kennedy Center for the Performing Arts | 4.54 | 2 |
| Support for D.C. Area Institutions* | | |
| National Symphony | .50 | 0 |
| Washington Opera | .50 | 0 |
| Folger Library (Theater) | .35 | 0 |
| Corcoran Gallery | .35 | 0 |
| Ford's Theater | .23 | 0 |
| Wolf Trap | .63 | 0 |
| TOTAL | 265.62 | 100% |

| State Government | |
|---|---|
| State Arts Agencies Appropriations | 136.46** |

| Local Government (1982) | |
|---|---|
| Local Government Arts Expenditures | 300.00 |

Notes: * Federal appropriations for additional D.C. area institutions were added in fiscal '85.

**This figure includes no estimate of line item budgets for the arts.

Sources: Budget of the United States Government, FY 1985.

National Assembly of State Arts Agencies, "Annual Survey Update," May 1984.

Estimate of local expenditures is based on an estimate of local appropriations to local arts councils made by the Cultural Policy Institute for 1982.

Table A.2: Canada
Public Expenditure on the Arts and Culture
(million Canadian dollars)

| | 1981-82 Expenditure | Percent Net of CBC | Expenditure on U.S. Equivalents | 1984-85 Budgets |
|---|---|---|---|---|
| Federal Dept. of Communications | | | | |
| Arts & Culture Department | 32.5 | 8% | 32.5 | 34.9 |
| Cultural Agencies | | | | |
| Canada Council | 62.4 | 15 | 62.4 | 80.4 |
| Canadian Broadcasting Corporation | 812.7 | n/a | | 1,083.0 |
| Canadian Radio-Television and Telecommunications Commission | 21.7 | 5 | | 27.6 |
| Canadian Film Development Corporation | 8.3 | 2 | | 55.3 |
| National Arts Centre | 24.3 | 6 | 24.3 | 27.3 |
| National Film Board | 64.4 | 15 | | 78.8 |
| National Library | 29.0 | 7 | | 38.6 |
| National Museums Corporation | 67.2 | 16 | 67.2 | 83.8 |
| Public Archives | 40.4 | 10 | | 52.0 |
| Other Federal Departments | | | | |
| Environment: Parks Canada-Historic Parks & Sites | 53.9 | 13 | | 70.3 |
| Secretary of State: Multiculturalism | 14.1 | 3 | 14.1 | 25.4 |
| Total Federal Expenditure | 1,230.9 | 100% | 200.5 16% of total | 1,657.4 |
| Total Net Federal Expenditure | 418.2* | 36% | 200.5 | |
| Total Provincial Expenditure | 350.4* | 30 | 350.4** | |
| Total Local Expenditure | 388.7 | 34 | 388.7** | |
| Total Public Expenditure | 1,157.3* | 100% | 939.6 | |

Notes: * These figures are net of C.B.C. and provincial broadcasting authority expenditures, as they are treated as "communications" not "culture."

**Due to data collection procedures it is not possible to separate U.S. Equivalents from these figures.

Sources: The Canada Council, Selected Arts Research Statistics, 4th edition, Sept. 1984, Tables 24 and 25 updated by Research & Evaluation Office.

Table A.3: Federal Republic of Germany
Public Expenditures for Art and Cultural Activities, 1982
(million marks)

| Sector | Central Gov't | Lander | Local Gov't | Total | Percent |
|---|---|---|---|---|---|
| Theatre and Musical Activities | 16 | 972 | 1,693 | 2,681 | 55% |
| Museums, Collections, Exhibitions | 4 | 341 | 484 | 829 | 17 |
| Monuments and Historic Preservation | 8 | 295 | * | 303 | 6 |
| National Parks and Nature Conservation | 5 | 110 | * | 115 | 2 |
| Other (including Visual Arts and Literature) | 80 | 164 | 459 | 703 | 14 |
| Administration for Cultural Affairs | - | 130 | 117 | 247 | 5 |
| TOTAL | 114 | 2,011 | 2,752 | 4,877 | |
| Percent | 2% | 41% | 56% | | 100% |

Notes: * These local expenditures are included in "other" category.

Expenditures on U.S. Equivalents are summarized in Table A.4.

Source: Kultusministerkonferenz, Dokumentationsdienst Bildung und Kultur, Sonderheft Statistik und Vorausberechnung Nr. 30, Offentliche Ausgaben fur Kunst und Kulturpflege 1977 bis 1984 (January 1985).

Table A.4: Federal Republic of Germany
Public Expenditures for Art and Cultural Activities, 1982
Expenditure on U.S. Equivalents
(million marks)

| Sector | Central Gov't | Lander | Local Gov't | Total | Percent |
|---|---|---|---|---|---|
| Theatre and Musical Activities | 16 | 972 | 1,693 | 2,681 | 66% |
| Museums, Collections, Exhibitions | 4 | 341 | 484 | 829 | 20 |
| Monuments and Historic Preservation | | | | | |
| National Parks and Nature Conservation | | | | | |
| Other (including Visual Arts and Literature) | 80 | 164 | 132* | 377 | 9 |
| Administration for Cultural Affairs | - | 102* | 102* | 204 | 5 |
| TOTAL | 101 | 1,579 | 2,411 | 4,091 | |
| | | | | 84% of total | |
| Percent | 2% | 39% | 59% | | 100% |

Notes: * Prorated estimate

Source: Kultusministerkonferenz, Dokumentationsdienst Bildung und Kultur, Sonderheft Statistik und Vorausberechnung Nr. 30, Offentliche Ausgaben fur Kunst und Kulturpflege 1977 bis 1984 (January 1985).

Table A.5: France
Total Public Expenditure on the Arts, 1983
(million francs)

| Level of Government | Expenditure | Expenditure on U.S. Equivalents | Percent |
|---|---|---|---|
| Central Government | | | |
| Ministry of Culture | 6,990 | 3,799 | 29% |
| Other Ministries | 5,000 | | |
| Local Government | | | |
| Regions | 978 | 637 | 5% |
| Departments | 1,813 | 852 | 6% |
| Municipalities* | 13,443 | 7,909 | 60%** |
| TOTAL | 28,224 | 13,197 | 100% |
| | | 47% of total | |

Notes: * Projected from 1981 data.

**This figure actually understates the degree of influence of local governments, particularly municipalities, in the allocation of arts funding because they determine the expenditure of an additional 921 million francs distributed to local governments from the central government, earmarked for cultural programs, and recorded here as central government expenditure.

Sources: See Tables A.6, A.7, A.8, and A.9.

Table A.6: France
Budget, Ministry of Culture, 1983
(million francs)

| | Category | 1983 Budget | Percent | Expenditure on U.S. Equivalents |
|---|---|---|---|---|
| Literature and Reading: | National Archives | 137 | 2% | |
| | Libraries/Public Reading/ National Library | 807 | 12 | |
| | Books and Literature | 60 | 1 | 60 |
| Heritage: | Archaeology | 28 | 0 | |
| | Inventories | 7 | 0 | |
| | Historic Monuments | 938 | 13 | |
| | Ethnology | 10 | 0 | |
| Museums and Visual Arts: | National Museums | 585 | 8 | 585 |
| | Classified and Controlled Museums | 92 | 1 | 92 |
| | Museums - Scientific Research | 6 | 0 | 6 |
| | Visual Arts/Education* | 202 | 3 | |
| | Artistic Creation | 151 | 2 | 151 |
| | Preservation of Artisanry/ Restoration Education | 107 | 2 | |
| Performing Arts: | Theater/Creation and Distribution | 616 | 9 | 616 |
| | Theater/Education* | 13 | 0 | |
| | Music/Production and Musical Initiatives | 916 | 13 | 916 |
| | Music/Creation and Research | 4 | 0 | 4 |
| | Music/Education* | 288 | 4 | |
| | Film and Audiovisual | 250 | 4 | 250 |
| Other Programs: | International Activities | 21 | 0 | 21 |
| | Decentralization and Cultural Intervention | 775 | 11 | 421** |
| | Studies and Research | 9 | 0 | 9 |
| | Fund for Cultural Intervention | 33 | 0 | 33 |
| | Georges-Pompidou Center | 280 | 4 | 280 |
| Administration: | Administrative Support | 555 | 8 | 301** |
| | Pension Expenses and Other | 98 | 1 | 53** |
| | TOTAL | 6,990 | 100% | 3,799 |
| | | | | 54% of total |

Notes: * National Schools and Conservatories

**Prorated estimate

Source: Service des Etudes et Recherches, Ministere de la Culture, "Comparison par Domaine et Groupe de Programmes de Dotations Budgetaires pour les Annees 1981, 1982, et 1983."

Table A.7: France
Cultural Expenditures of the Regions
1983 Estimated
(million francs)

| Domain | 1983 Expenditures | Percent | Expenditure on U.S. Equivalents |
|---|---|---|---|
| Historic Monuments | 206 | 21% | |
| Inventories | 3 | 0 | |
| Archaeological Digs | 3 | 0 | |
| Architecture (non-protected buildings of artistic interest) | 21 | 2 | |
| Archives | 3 | 0 | |
| Literature and Libraries | 45 | 5 | |
| Plastic Arts | 11 | 1 | 11 |
| Theater | 91 | 9 | 91 |
| Music/Opera/Dance | 123 | 13 | 123 |
| Cinema | 15 | 2 | 15 |
| Photography | 1 | 0 | 1 |
| Communication | 58 | 6 | |
| Museums | 43 | 4 | 43 |
| "Animation" | 337 | 35 | 337 |
| Administration | 9 | 1 | 6* |
| Other | 10 | 1 | 10 |
| TOTAL | 978 | 100% | 637 |
| | | | 65% of total |

Notes: Estimates based on 1979 data, increased according to overall change in expenditures of the regions between 1981 and 1983.

* Prorated estimate

Source: Service des Etudes et Recherches, Ministere de la Culture, "Depenses Culturelles des Etablissements Publics Regionaux," June 1982 and unpublished data.

Table A.8: France
Cultural Expenditures of the Departments
1983 Estimated
(million francs)

| Domain | 1983 Expenditures | Percent | Expenditure on U.S. Equivalents |
|---|---|---|---|
| Historic Monuments/ Objects/Protected Sites | 319 | 18% | |
| Inventories | 9 | 1 | |
| Archaeological Digs | 42 | 2 | |
| Architecture (non-protected buildings of artistic interest) | 31 | 2 | |
| Archives | 339 | 19 | |
| Literature and Libraries | 49 | 3 | |
| Plastic Arts | 25 | 1 | 25 |
| Theater | 67 | 4 | 67 |
| Music/Opera/Dance | 239 | 13 | 239 |
| Other Entertainment | 5 | 0 | 5 |
| Cinema | 11 | 1 | 11 |
| Photography | 2 | 0 | 2 |
| Radio/Television | 65 | 4 | |
| Press/Information | 2 | 0 | |
| Science/Techniques/ Ethnology | 49 | 3 | |
| Other Museums | 45 | 2 | 45 |
| "Animation" | 397 | 22 | 397 |
| Administration | 105 | 6 | 49* |
| Other | 11 | 1 | 11 |
| TOTAL | 1,813 | 100% | 852 |
| | | | 47% of total |

Notes: Estimates based on 1981 data, increased according to overall change in expenditures of the departments between 1981 and 1983.

* Prorated estimate.

Data include both current operating expenditures and capital investment.

Source: Service des Etudes et Recherches, Ministere de la Culture, Paris, France.

Table A.9: France
Cultural Expenditures in Cities with >10,000 Inhabitants, 1981
(million francs)

| Domain | 1981 Expenditures | Percent | Expenditure on U.S. Equivalents* |
|---|---|---|---|
| Historic Monuments | 390 | 5% | 8 |
| Archaeology | 39 | 0 | |
| Architecture (non-protected buildings of artistic interest) | 150 | 2 | 147 |
| Archives | 13 | 0 | 1 |
| Literature/Libraries | 1,145 | 14 | 8 |
| Plastic Arts | 707 | 9 | 362 |
| Theater | 282 | 4 | 275 |
| Music/Opera/Dance | 1,845 | 23 | 833 |
| Other Entertainments | 403 | 5 | 403 |
| Cinema | 53 | 1 | 53 |
| Photography | 9 | 0 | 9 |
| Radio/Television | 5 | 0 | |
| Press/Information | 194 | 2 | |
| Science/Techniques/ Ethnology | 122 | 2 | |
| Other Museums | 287 | 4 | 287 |
| "Animation" | 2,300 | 29 | 2,300 |
| Administration | 20 | 0 | 20 |
| Other | 37 | 0 | 4 |
| TOTAL | 8,002 | 100% | 4,708 |
| | | | 59% of total |

Notes: * Data for municipal expenditures are available disaggregated by function, so it is possible to identify U.S. equivalents more precisely than with other data sources.

Data include both current operating expenditures and capital investment.

Source: Societe d'Etudes pour le Developpement Economique et Social, Les Depenses Culturelles des Villes de Plus de 10,000 Habitants en 1981 (Paris: Ministere de la Culture, Direction du Developpement Culturel, Service des Etudes et Recherches, April 1984), p. 190.

Table A.10: Great Britain
Central Government Estimated Expenditures, 1983-84
(million pounds)

| Recipient Institution | Expenditure | Percent | Expenditure on U.S. Equivalents |
|---|---|---|---|
| Office of Arts and Libraries | | | |
| The Living Arts | | | |
| Arts Council of Great Britain | 94.58 | 37% | 94.58 |
| British Film Institute | 7.13 | 3 | 7.13 |
| National Film & Television School | .85 | 0 | |
| Crafts Council | 1.70 | 1 | 1.70 |
| South Bank Theatre Board | .29 | 0 | .29 |
| Support for National Museums | | | |
| British Museum | 12.41 | 5 | 12.41 |
| Imperial War Museum | 4.10 | 2 | |
| National Gallery | 6.73 | 3 | 6.73 |
| National Maritime Museum | | 2 | 4.04 |
| National Portrait Gallery | 1.78 | 1 | 1.78 |
| Science Museum | | 3 | 7.65 |
| Tate Gallery | 5.32 | 2 | 5.32 |
| Victoria and Albert Museum | 10.32 | 4 | 10.32 |
| Wallace Collection | .78 | 0 | .78 |
| Support for Other Museums and Miscellaneous | | | |
| Museum of London | 1.23 | 0 | 1.23 |
| Sir John Soane's Museum | .17 | 0 | .17 |
| Gov't Art Collection: Purchases | .11 | 0 | .11 |
| Museums and Galleries Commission | .39 | 0 | .39 |
| Area Museum Councils | 2.07 | 1 | 2.07 |
| Research Projects, etc. | .25 | 0 | .25 |
| Public Lending Right | 2.00 | 1 | |
| British Library | 44.84 | 18 | |
| Royal Geographical Society | .05 | 0 | |
| Royal Commission on Historical Manuscripts | .37 | 0 | |
| British Records Association | .01 | 0 | |
| National Heritage Memorial Fund | .00 | 0 | .00 |
| Acceptances in Lieu of Taxes | 1.00 | 0 | 1.00 |
| Capital Expenditures: Current | 22.40 | 9 | 10.01* |
| Administration of OAL | 1.00 | 0 | .70* |
| Other Government Support: Wales | 9.60** | 4 | 7.10** |
| Other Government Support: Scotland | 12.90** | 5 | 10.00** |
| TOTAL | 256.07 | 100 | 174.07<br>68% of total |

Note: * Prorated estimate

**Projected from 1982-83 data.

Sources: Office of Arts and Libraries

Muriel Nissel, Facts About the Arts (London: Policy Studies Institute, September 1983), p. 7.

Table A.11: Great Britain
Local Expenditures on Arts and Culture, 1983-84
(million pounds)

| Type of Expenditure | Amount | Percent | Expenditure on U.S. Equivalents |
|---|---|---|---|
| England and Wales | | | |
| Cultural Facilities | | | |
| Arts Centers, Halls Used Mainly for Arts Purposes | 33.27 | 6% | 33.27 |
| Theaters, Performances, Entertainment | 33.34 | 6 | 33.34 |
| Art Galleries and Museums | 53.58 | 10 | 53.58 |
| Cultural Grants and Contributions | 26.75 | 5 | 26.75 |
| Other Recreation, Leisure and Cultural Facilities | 4.97* | 1 | 4.97* |
| Central Department Administration | 15.12* | 3 | 15.12* |
| Scotland Local Authority Expenditure | | | |
| Museums and Galieries | 7.15** | 1 | 7.15 |
| Other Cultural Facilities | 8.25** | 2 | 8.25 |
| Expenditures for Local Libraries | 338.00 | 65 | |
| TOTAL | 520.42 | 100% | 182.42 |
| | | | 35% of total |

Notes: * Culture portion estimated by applying ratio of allocatable expenditures (culture/total) to aggregate category.

**Estimated by taking actual expenditures in 1981/82 and projecting them to 1983/84 using overall growth rate in municipal leisure, recreation, and culture expenditures in England and Wales.

Figures include Greater London Council and Metropolitan County Councils.

Sources: Chartered Institute of Public Finance and Accountancy, Leisure and Recreation Statistics 1983-1984 Estimates.

Muriel Nissel, Facts About the Arts (London: Policy Studies Institute, September 1983) p. 9.

Estimate of Local Library Expenditures from Office of Arts and Libraries.

Table A.12: Italy
Central Government Expenditure on the Arts and Culture
(billion lire)

| Ministry | Direct Expenditure | Grants | Total 1981 | Total 1984 | Expenditure on U.S. Equivalents |
|---|---|---|---|---|---|
| Cultural Heritage | 411 | 80 | 491 | 578 | 289* |
| Tourism and Performing Arts | 4 | 215 | 219 | 452 | 452 |
| Office of the President of the Cabinet *** | 22 | 102 | 124 | 221 | |
| Public Works | 6 | 15 | 21 | 15 | 5** |
| Foreign Affairs | 58 | 23 | 81 | 171 | |
| Participation of State in Public Film Enterprises | | | | 24 | |
| TOTAL | 501 | 435 | 936 | 1,461 | 746 |
| | | | | | 80% of total |

Notes: * Assumes a maximum of 50% spent on U.S. Equivalents, remainder on libraries, archives, and historic monuments.

** Assumes a maximum of 33% spent on U.S. Equivalents.

***Funding for the cultural industries.

Sources: Carla Bodo, "Financing the Arts and Culture in Italy," in John Myerscough (ed.), Funding the Arts in Europe (London: The Policy Studies Institute, October 1984).

Carla Bodo, "La Planification du Secteur Culturel en Italie," paper presented at UNESCO "Seminar on Methodological Approaches to Planning in the Cultural Sector," Marseilles and Paris, 9-20 December 1983, as updated by author.

Table A.13: Italy
Regional Expenditure on the Arts and Culture
(billion lire)

| Activity | 1981 Expenditure | Percent | 1981 Expenditure on U.S. Equivalents | 1983 *** Expenditure on U.S. Equivalents |
|---|---|---|---|---|
| Libraries and Archives | 25.7* | 14% | | |
| Museums and Monuments | 68.3* | 37% | 51.2** | 55.3 |
| Events and Performing Arts | 67.9 | 36% | 67.9 | 73.3 |
| Cultural Centers | 3.6 | 2% | 3.6 | 3.9 |
| Cultural Premises | 8.8 | 5% | 8.8 | 9.5 |
| Press and Book Publishing | 4.3 | 2% | | |
| Permanent Education | 7.9 | 4% | | |
| TOTAL | 186.5 | 100% | 131.5 | 142.0 |
| | | | 71% of total | |

Notes: Figures do not include staff costs, so they are not directly comparable with central government figures in Table A.13.

* Estimated separation for regions that do not separate library/archive from museum/monument expenditures.

** Assumes that museums represent at most 75% of this expenditure category.

***Estimated as percentage of estimated 1983 total regional expenditure on arts and culture = 200 billion lire.

Sources: Carla Bodo, "Financing the Arts and Culture in Italy," in John Myerscough (ed.), Funding the Arts in Europe (London: The Policy Studies Institute, October 1984).

1983 estimate of regional expenditures from Carla Bodo, Instituto di Studi per la Programmazione Economica.

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Table A.14: Italy
Local Expenditure on the Arts and Culture

Unfortunately, there are no reliable data on local government expenditures for the arts in Italy. Carla Bodo has guessed that these expenditures might be on the order of 500-600 billion lire, and for lack of a more accurate number we have used that guess here. No attempt has been made to guess the level of U.S. Equivalents.

Source: Carla Bodo, "Financing the Arts and Culture in Italy," in John Myerscough (ed.), Funding the Arts in Europe (London: The Policy Studies Institute, October 1984), p. 91.

Table A.15: Netherlands
Public Expenditures on Culture and Recreation, 1984
(million guilder)

| | National Government | Provincial Government | Local Government | Total Expenditure |
|---|---|---|---|---|
| General Administration Culture and Recreation | 98.3 | 40.6 | 272.5 | 411.4 |
| Libraries | 315.3 | 29.2 | 238.4 | 582.9 |
| Music and Cultural Education | 17.1 | 21.7 | 243.4 | 282.2 |
| Amateur Art Education | 8.2 | 4.4 | 34.1 | 46.7 |
| Continuing Education | 82.6 | 8.6 | 48.4 | 139.6 |
| Other Popular Education | 57.8 | 5.3 | 7.2 | 70.3 |
| Youth Work and Activities | 40.7 | 33.6 | 425.2 | 499.5 |
| Sports Facilities | 3.0 | 3.2 | 1,121.7 | 1,127.9 |
| Sports Organizations | 30.6 | 8.9 | 77.1 | 116.6 |
| Other Sport | 11.9 | 2.2 | 14.0 | 28.1 |
| Museums | 121.2 | 13.4 | 142.5 | 277.1 |
| Cultural Facilities | 1.5 | - | 114.2 | 115.7 |
| Performing Arts | 142.7 | 30.9 | 96.8 | 270.4 |
| Creative Arts | 44.5 | 2.8 | 28.0 | 75.3 |
| Historic Preservation | 280.5 | 26.7 | 107.1 | 414.3 |
| Other Art | 36.0 | 7.1 | 68.4 | 111.5 |
| Nature Protection and Conservation | 217.5 | 24.5 | 4.7 | 246.7 |
| Public Parks and Open Spaces | - | 4.4 | 882.0 | 886.4 |
| Outdoor Recreation Services | 192.4 | 30.5 | 158.3 | 381.2 |
| Community Centers | .9 | 0.2 | 141.5 | 143.6 |
| Other Leisure Activities | 3.7 | 0.0 | 4.0 | 7.7 |
| Radio, Television and Press | 1.7 | - | .2 | 1.9 |
| Multifunctional Cultural Buildings | - | - | 90.9 | 90.9 |
| Other Culture | 34.4 | 10.1 | 12.0 | 56.5 |
| TOTAL | 1,742.5 | 309.3 | 4,332.6 | 6,384.4 |

Note: Expenditures on U.S. Equivalents are summarized in Table A.16.

Source: Centraal Bureau voor de Statistiek,
Sociaal-cultureel kwartaalbericht, 1984, no. 4, p. 75.

Table A.16: Netherlands
Public Expenditures on Culture and Recreation, 1984
Expenditure on U.S. Equivalents
(million guilder)

| | National Government | Provincial Government | Local Government | Total Expenditure on U.S. Equivalents |
|---|---|---|---|---|
| General Administration Culture and Recreation | 22.7* | 9.7* | 37.1* | 69.5 |
| Libraries | | | | |
| Music and Cultural Education | | | | |
| Amateur Art Education | | | | |
| Continuing Education | | | | |
| Other Popular Education | | | | |
| Youth Work and Activities | | | | |
| Sports Facilities | | | | |
| Sports Organizations | | | | |
| Other Sport | | | | |
| Museums | 121.2 | 13.4 | 142.5 | 277.1 |
| Cultural Facilities | 1.5 | - | 114.2 | 115.7 |
| Performing Arts | 142.7 | 30.9 | 96.8 | 270.4 |
| Creative Arts | 44.5 | 2.8 | 28.0 | 75.3 |
| Historic Preservation | | | | |
| Other Art | 36.0 | 7.1 | 68.4 | 111.5 |
| Nature Protection and Conservation | | | | |
| Public Parks and Open Spaces | | | | |
| Outdoor Recreation Services | | | | |
| Community Centers | | | | |
| Other Leisure Activities | | | | |
| Radio, Television and Press | | | | |
| Multifunctional Cultural Buildings | - | - | 90.9 | 90.9 |
| Other Culture | 34.4 | 10.1 | 12.0 | 56.5 |
| TOTAL | 403.0 | 74.0 | 589.9 | 1,067.0 |
| | | | | 17% of total |

Note: *Prorated estimate

Source: Centraal Bureau voor de Statistiek,
Sociaal-cultureel kwartaalbericht, 1984, no. 4, p. 75.

Table A.17: Sweden
Federal Cultural Expenditures
(million kronor)

| Sector | 1982-83 | Percent | 1983-84 | Expenditure on U.S. Equivalents |
|---|---|---|---|---|
| Theatre and Dance | 439 | 17% | 474 | 474 |
| Museums and Exhibitions | 242 | 10 | 261 | 261 |
| Music | 216 | 9 | 233 | 233 |
| Cultural Workers | 86 | 3 | 93 | 93 |
| Historic Monuments and Sites | 77 | 3 | 83 | |
| Archives | 74 | 3 | 80 | |
| Libraries | 53 | 2 | 57 | |
| Film | 36 | 1 | 39 | 39 |
| Literature | 30 | 1 | 32 | 32 |
| Visual Arts | 27 | 1 | 29 | 29 |
| Periodicals | 9 | 0 | 10 | |
| Records | 6 | 0 | 6 | |
| Retail Book Trade | 3 | 0 | 3 | |
| Press | 425 | 17 | 480 | |
| Popular Education | 763 | 30 | 831 | |
| Miscellaneous | 30 | 1 | 32 | 32 |
| TOTAL | 2,516 | 100% | 2,746 | 1,195 |
| | | | | 44% of total |

Note: 1983-84 expenditures are estimated by applying 1982-83 percentages to actual 1983/84 total.

1983-84 expenditures for press and popular education are actual figures.

Source: National Council for Cultural Affairs, Kommunera, Staten och Kulturpolitiken, Report #1984:3 (Stockholm: Statens kulturrad, 1984), pp. 105-109.

Table A.18: Sweden
County Cultural Budgets
(million kronor)

| Sector | 1983 | Percent | Expenditure on U.S. Equivalents |
|---|---|---|---|
| Popular Education | 200 | 46% | |
| Theatre and Dance | 63 | 15 | 63 |
| Museums and Archives | 56 | 13 | 56 |
| Libraries | 36 | 8 | |
| Visual Arts | 34 | 8 | 34 |
| Music | 18 | 4 | 18 |
| Cultural Workers | 8 | 2 | 8 |
| Other | 16 | 4 | 16 |
| TOTAL | 431 | 100% | 195 |

45% of total

Sources: National Council for Cultural Affairs, Kommunera, Staten och Kulturpolitiken, Report #1984:3 (Stockholm: Statens kulturrad, 1984), p. 115.

Table A.19: Sweden
Municipal Cultural Expenditures
(million kronor)

| Sector | 1979 | 1981 | Percent | 1983 | Expenditure on U.S. Equivalents |
|---|---|---|---|---|---|
| Public Libraries | 798 | 1,048 | 35% | 1,122 | |
| Music Schools | 374 | 484 | 16 | 518 | |
| Popular Education | 364 | 450 | 15 | 482 | |
| Theatre Activities | 169 | 278 | 9 | 298 | 298 |
| Museums and Exhibitions | 131 | 190 | 6 | 203 | 203 |
| Music and Dance | 88 | 73 | 2 | 78 | 78 |
| Local Arts Facilities | 123 | 165* | 6 | 177 | 177 |
| Historic Monuments | 75 | 101* | 3 | 108 | |
| Visual Arts | 19 | 26* | 1 | 27 | 27 |
| Film and Photo | 6 | 8* | 0 | 9 | 9 |
| Cultural Workers | 4 | 5* | 0 | 6 | 6 |
| Administration and Miscellaneous | 113 | 152* | 5 | 163 | 43** |
| TOTAL | 2,264 | 2,980 | 100% | 3,190 | 841 |
| | | | | | 26% of total |

Notes: * 1981 distribution in these categories is calculated by applying 1979 distribution in these categories to 1981 total for these categories.

**Prorated estimate

1983 distribution of expenditures is calculated by applying 1981 distribution to actual total for 1983.

Sources: National Council for Cultural Affairs, Kommunera, Staten och Kulturpolitiken, Report #1984:3 (Stockholm: Statens kulturrad, 1984), pp. 105, 112, and 243.

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Table A.20: Canada
Canada Council, 1983-84
(Canadian dollars)

| Grants and Services to the Arts | Amount | Percent |
|---|---|---|
| Dance | $ 9,353,000 | 12% |
| Music | 15,529,000 | 20 |
| Theatre | 14,937,000 | 19 |
| Visual Arts | 8,631,000 | 11 |
| Media Arts | 3,293,000 | 4 |
| Writing | 10,337,000 | 13 |
| Other | 1,118,000 | 1 |
| Explorations | 2,303,000 | 3 |
| TOTAL | $65,502,000* | 84% |

| Expenditures | | |
|---|---|---|
| Arts: | | |
| Grants and Services | 64,705,000* | 84 |
| Administration | 5,573,000 | 7 |
| Purchase of Works of Art | 844,000 | 1 |
| | 71,122,000 | 92% |
| Canadian Commission for UNESCO: | | |
| Administration | 813,000 | |
| Grants | 109,000 | |
| | 922,000 | 1% |
| General Administration | 5,928,000 | 7% |
| TOTAL | $77,972,000 | 100% |

Note: * Annual report does not explain the discrepancy between these two figures.

Source: The Canada Council, 27th Annual Report, 1983/1984.

Table A.21: Great Britain
Arts Council of Great Britain
Allocation of Grant-in-Aid, 1983-84

| Purpose | Allocation (pounds) | Percent |
|---|---|---|
| England | | |
| National Companies | 25,135,000 | 27% |
| Regional Arts Associations | 10,430,000 | 11 |
| Music | 6,065,000 | 6 |
| Dance | 2,826,000 | 3 |
| Touring | 7,865,000 | 8 |
| Drama | 11,800,000 | 13 |
| Art | 3,321,000 | 4 |
| Arts Films | 350,000 | 0 |
| Literature | 875,000 | 1 |
| Arts Centres & Community Projects | 1,146,000 | 1 |
| Training in the Arts | 606,750 | 1 |
| Education | 85,000 | 0 |
| Administration and Services | 4,047,500 | 4 |
| Unallocated | 228,750 | 0 |
| Scotland | 11,102,000 | 12 |
| Wales | 6,517,000 | 7 |
| Housing the Arts | 1,100,000 | 1 |
| TOTAL | 93,500,000 | 100% |

Source: Arts Council of Great Britain

Table A.22: United States
National Endowment for the Arts
Expenditures, 1983-84

| Program Area | Amount | Percent |
|---|---|---|
| Dance | $ 9,117,000 | 6% |
| Design Arts | 4,410,000 | 3 |
| Expansion Arts | 6,852,000 | 4 |
| Folk Arts | 2,999,000 | 2 |
| Inter-Arts | 4,260,000 | 3 |
| Literature | 4,446,000 | 3 |
| Media Arts | 9,369,000 | 6 |
| Museum | 12,290,000 | 8 |
| Music | 15,069,000 | 9 |
| Opera-Musical Theater | 6,050,000 | 4 |
| Theater | 10,698,000 | 7 |
| Visual Arts | 6,553,000 | 4 |
| Artists in Education | 5,197,000 | 3 |
| State Programs | 24,452,000 | 15 |
| Locals Test Program | 2,000,000 | 1 |
| Advancement | 2,458,000 | 1 |
| Challenge | 21,000,000 | 13 |
| Policy, Planning, and Research | 1,011,000 | 1 |
| Regional Representatives | 770,000 | 0 |
| Administration | 13,223,000 | 8 |
| TOTAL | $162,223,000 | 100% |

Source: National Endowment for the Arts

APPENDIX B: Results from Selected Research Studies on the Distribution of Operating Income Within Various Artistic Disciplines

In the course of our research we came across a number of studies that looked at the finances of institutions in one or more of the artistic disciplines in a particular country. These findings are useful because they provide a base of comparison for the data we collected in our survey of individual institutions. In general, these studies support the conclusions we have drawn in the current study and illustrate the major differences in level of subsidy and private donations between countries and how stable the mix of income sources has remained over time. Results from several of the more recent studies are summarized below. The coverage of these studies is haphazard at best; there are undoubtedly many other such interesting studies that have been conducted in the eight countries.

Table B.1: Canada
Distribution of Operating Income for Various Disciplines
Results from Selected Studies

| | Dance 1980 | Theater 1980 | Music 1980 | Public Museums 1984-85 |
|---|---|---|---|---|
| Earned Income | 44% | 56% | 41% | 11% |
| Private Donations | 13% | 10% | 19% | 1% |
| Public Subsidy | 46% | 35% | 39% | 87% |

Source: The Canada Council, Selected Arts Research Statistics, 4th edition, September 1984, Tables 8 and 10.

Council for Business and the Arts in Canada, "Annual Survey of Selected Visual Arts Organizations", June 1984.

Table B.2: Federal Republic of Germany
Distribution of Operating Income for Various Disciplines
Results from Selected Studies

| | Theater FY 1982 | Orchestras 1979-80 |
|---|---|---|
| Earned Income | 16% | 30% |
| Private Donations | <<1% | 0% |
| Public Subsidy | 84% | 70% |

Sources: Deutscher Buhnenverein, Bundesverband Deutscher Theater, Theaterstatistik 1982/83, pp. 102-103.

Arts Council of Great Britain, Information and Research, Reference Sheet #14, "Public Subsidy for the Arts in the Federal Republic of Germany."

Table B.3: Great Britain
Distribution of Operating Income for Various Disciplines
Results from Selected Studies

| | Dance and Mime 1978-79 | Drama 1977-78 | Music 1978-79 |
|---|---|---|---|
| Earned Income | 45% | 53% | 59% |
| Private Donations | 3% | 2% | 4% |
| Public Subsidy | 52% | 45% | 37% |

Source: P.C. Barratt, S.L. Fates, and K.J.N. Meek, Corporate Donations and Sponsorship as Sources of Income for the Arts, A Report for the Charities Aid Foundation, Tonbridge, England, June 1980.

Table B.4: Netherlands
Distribution of Operating Income for Various Disciplines
Results from Selected Studies

| | Dance 1981-82 | Theater 1982-83 | Orchestras 1981-82 |
|---|---|---|---|
| Earned Income | 20% | 17% | 10% |
| Private Donations | <1% | <1% | <1% |
| Public Subsidy | 80% | 82% | 90% |

Sources: Vereniging van Nederlandse Toneelgezelschappen, VNT Jaarverslag 1982-1983, p. 32.

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Table B.5: Sweden
Distribution of Operating Income for Various Disciplines, 1982-83
Results from Selected Studies

| | Regional and Local Theater | Regional and Local Music |
|---|---|---|
| Earned Income | 14% | 16% |
| Private Donations | 0% | <<1% |
| Public Subsidy | 86% | 84% |

Source: National Council for Cultural Affairs, Kommunera, Staten och Kulturpolitiken, Report #1984:3 (Stockholm: Statens kulturrad, 1984), pp. 252, 254.

Table B.6: United States
Distribution of Operating Income for Various Disciplines
Results from Selected Studies

| | Dance FY 1984 | Regional Theaters 1983 | ASOL Orchestras 1983 | Art Museums FY 1979 |
|---|---|---|---|---|
| Earned Income | 63% | 67% | 58% | 49% |
| Private Donations | 29% | 25% | 32% | 24% |
| Public Subsidy | 8% | 9% | 10% | 27% |

Sources: Dance USA, Survey of Member Companies, Fiscal Year 1984.

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"Fact Sheet on Sweden: Swedish Cultural Policy"
"Fact Sheet on Sweden: The Swedish Book Market"
"Current Sweden: Cultural Policy and Literary Policy"
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